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ESTIMATES COMMITTEE

FORTY-THIRD REPORT
(1956-57)

MINISTRY OF COMMUNICATIONS

INDIAN AIRLINES CORPORATION

LOK SABHA SECRETARIAT
NEW DELHI

December, 1956

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COMPOSITION OF THE ESTIMATES COMMITTEE
1956-57

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3. Shrimati B. Khongmen
4. Shri Nageshwar Prasad Sinha
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27. Shri Y. Gadilingana Gowd
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29. Shri A. E. T. Barrow
30. Shri Choithram Partabrai Gidwani

Secretariat

Shri S. L. Shakdher — *Joint Secretary*
Shri A. R. Shirali — *Deputy Secretary*
Shri C. S. Swaminathan — *Under Secretary*

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* Resigned on the 20th November, 1956.
** Died on the 6th October, 1956.
*** Ceased to be Member on his election to Rajya Sabha on the 13th December, 1956.

INTRODUCTION

I, the Chairman, Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Forty-third Report on the Ministry of Communications.

2. The Report embodies the conclusions of the Committee on the Indian Airlines Corporation.

3. The Committee wish to express their thanks to the Secretary and other officers of the Ministry of Communications and also Chairman, Indian Airlines Corporation and General Manager, Air India International, for placing before them the material and information that they wanted in connection with the examination of the estimates.

NEW DELHI;
The 14th December, 1956.

BALVANTRAY G. MEHTA,
Chairman,
Estimates Committee.

I

INDIAN AIRLINES CORPORATION

ORGANISATION & ADMINISTRATION

A. *Introduction*

The Indian Airlines Corporation was set up on the 15th June, 1953 under the Air Corporations Act and took over with effect from the 1st August, 1953, the undertakings of the following eight air transport Companies, which were operating, till then, scheduled internal air services :-

(i) Air India Limited;
(ii) Air Services of India Limited;
(iii) Airways (India) Limited;
(iv) Bharat Airways Limited;
(v) Deccan Airways Limited;
(vi) Himalaya Aviation Limited;
(vii) Indian National Airways Limited; and
(viii) Kalinga Airlines Limited

Brief particulars about these Companies are given in Appendix I.

B. *Functions*

2. The function of the Corporation is to provide safe, efficient, adequate, economical and properly co-ordinated air transport services at reasonable charges and to secure that they are developed to the best advantage. The Corporation has power-

(a) to operate any air transport service or any flight by aircraft for a commercial or other purpose and to carry out all forms of aerial work;

(b) to provide for the instruction and training in matters connected with aircraft or flight by aircraft of persons employed either by the Corporation or any other person;

(c) to acquire, hold or dispose of any property, whether movable or immovable or any air transport undertaking,

(d) to repair, overhaul, reconstruct, assemble or recondition aircraft, vehicles and other machines and parts, accessories and instruments or to manufacture such parts, accessories etc;

(e) to enter into and perform all such contracts as are calculated to further the efficient performance of its duties;

(f) with the previous approval of the Central Government to determine and levy fares and freight rates and other charges for or in respect of the carriage of passengers and goods on air transport services operated by it;

(g) to take steps to promote the interests of the Corporation and to improve the services including provision of catering, rest rooms, goods sheds, warehouses and transport by land or water in connection with any air-transport service or any other amenity or facility.

In carrying out its functions the Corporation is required to act so far as may be on business principles

C. *Organisation*

3. The Board of the Corporation consists of —

CHAIRMAN

Shri Shankar Prasad, I.C.S.

MEMBERS

Shri J.R.D. Tata, Chairman, Air India International
Shri B.N. Jha, I.C.S., Secretary, Ministry of Communications.
Shri P.C. Bhattacharya, Secretary, Ministry of Finance.
Shri L.C. Jain, I.C.S., Director General of Civil Aviation.
Air Marshal S. Mukerjee, Chief of Staff, Indian Air Force.
Shri Michael John.
Shri M.L. Khaitan.
Shri M.K.G. Maneckji.

4. The Committee have pointed out in their Forty-First report, the desirability of not having the Secretary of the Ministry of Communications and the Director General of Civil Aviation on the Boards of Air Corporations. Apart from the question of the extent to which a Board as constituted at present could be useful and effective in the management of the air transport business, they would draw attention to the significant fact that the Board met only four times during the entire year 1955 56

5. The Indian Airlines Corporation has a whole time official as Chairman while the Air India International Corporation has a non official Chairman who has also vast experience of air transport business. In this connection, the Committee would refer to the following remarks of the Air Transport Enquiry Committee, with which they are in full agreement –

> '. . . . . Even with a statutory Corporation we are per suaded that it is most important for the success of the enterprise that an outstanding man of business and administrative ability and drive preferably with sufficient experience of air transport, should be appointed as Chairman of the organisation and (b) the Corporation should be given complete autonomy and freedom from de partmental control except in regard to the main policies to be followed as laid down by Government

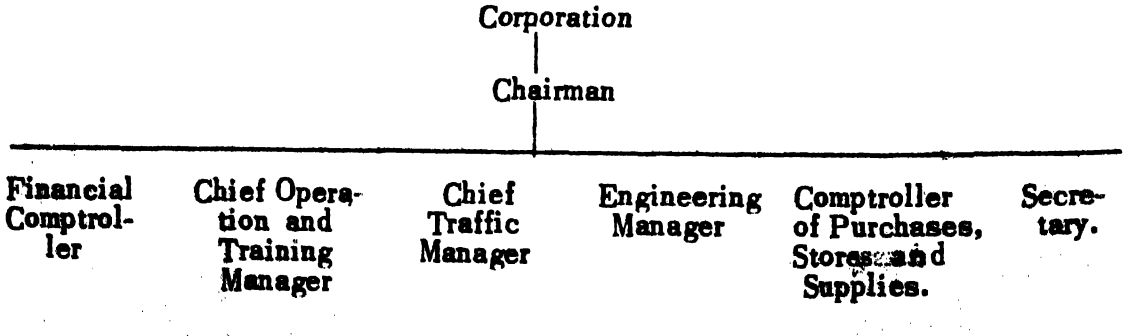
6. The Committee have in their Sixteenth Report pointed out the need in all nationalized enterprises to combine successfully "public ownership and public accountability" with business management for public ends. They feel that in the Indian Airlines Corporation, such a successful combination has by no means been achieved, and that the present arrangement of having a whole time official as Chairman is not very satisfactory. They therefore recommend that it would be advantageous if a non official with experience in administration as well as in the air transport business could be made the Chairman of the Corporation as in the Air India International Corporation.

7. The constitution of the Corporation should be such that it would be able to perform successfully the functions of what is known as entrepreneurial management, *viz.* assessment of market requirements, risk assessment and risk bearing. Efficiency in this respect implies not only the willingness to take risks but the ability to choose the successful risk and this is particularly true in an air-line industry where the risks are likely to be greater than in other forms of transport industry. A nationalized Corporation may be able to find the capital resources without much difficulty, but unless the Corporation performs its functions successfully the set-backs could be serious. The Committee, therefore, consider that it should be the endeavour of Government to find for the Boards of the Corporations persons with special knowledge of Air-transport Industry and with business acumen.

D. *Administrative - Headquarters*

8. At present the whole time Chairman is also functioning as the General Manager. In the annual report of the Ministry of Communications for 1953-54, it was stated that the head quarters organisation of the Corporation would be strengthened by the appointment of a General Manager. The Committee were informed that whereas such an arrangement had not yet been made, it would be necessary to appoint a separate General Manager if the work load increased. The Committee consider that there is no justification for a separate General Manager as long as there is a whole-time paid official as the Chairman.

9. The organisation of the Corporation at Headquarters is as follows:—



The functions of these heads of departments are broadly as in Appendix II.

10. It is noticed that in the Air India International the Operations and the Engineering Departments are placed under the charge of one person who is the Chief Operations and Engineering Manager, since redesignated as Technical Director. The Committee understood that this was possible because they could get the services of a person who was well versed with the operations and engineering aspects of air transport management. The Committee are of the view that such an arrangement will be an ideal one since it will ensure perfect co-ordination between the Operations and the Engineering Departments, which is indispensible for the efficient running of the business. They therefore, recommend that the Indian Airlines Corporation should also have it as their aim to have the same Senior Executive in charge of both their operations and engineering departments.

11. The rules of the Corporation do not provide for a Board of Management for the efficient conduct of its day-to-day business. The Committee were informed, however, that frequent meetings took place between the heads of departments where problems relating to the Corporation were discussed, and that such informal consultations were better than having a formal board. They consider that the basis of these informal consultations should be placed on a more firm footing as there are undoubtedly great advantages in developing among the senior executives, a sense of collective responsibility for the effective conduct of the business of the Indian Airlines Corporation and in securing for the Chairman, who is a non-technical officer, a better and all-round appreciation of the advice he would be receiving from each of his heads of departments. They, therefore, recommend that a Board of Management consisting of the Chief Executive and his heads of departments be set up for the efficient conduct of the day-to-day business of the Corporation and that

suitable internal rules of procedure be framed for the purpose.

12. In addition to the six heads of departments mentioned above, the Corporation had a Chief Personnel Officer who looked after all matters relating to personnel, labour welfare, management and employee relations. The incumbent of the post has retired and the work is temporarily looked after by the Secretary. The Committee realise that in the early stages of the integration of the Airlines, when problems relating to the personnel taken over from various Companies had to be dealt with, the need for such an officer probably existed. They consider, however, that it should be possible to dispense with the need for such an appointment, now that most of these problems are over. Further, since the bulk of the staff are stationed in the bases and at out-stations and since there are Administrative and Personnel Officers at the area bases, there should be no need for a full-time officer for personnel work at the headquarters. The Committee, therefore, recommend that the post should be abolished and the work should be entrusted to the Secretary as a permanent arrangement.

E. *Area Bases*

13. For the purpose of administration and operation, the Corporation has divided all its stations into three areas, *viz.* Delhi, Bombay and Calcutta. Each area has an Area Manager, a Deputy Area Manager, an Operations Manager, a Chief Accounts Officer, a Chief Engineer, a Traffic Manager, a Stores and Supply Officer and an Administrative and Personnel Officer. The division of the stations into the areas is as in Appendix III. Each station is in charge of a Station Head.

14. It is seen from the distribution in Appendix III that 15 stations are under Delhi area; 22 under Bombay area; and 25 under Calcutta area. A statement showing the percentage fraction of the work-load of each area as compared to the total work-load

of the Corporation, in terms of capacity ton miles which represents a fairly accurate index of the work-load, during 1954 55 and 1955-56 is given below:-

	1954 55	1955 56
Calcutta	50.2	44.3
Bombay	37.6	41.4
Delhi	12.2	14.3
	100.0	100.0

It is evident from these figures that the capacity ton miles operated from the Delhi area are far less compared to those in the Calcutta and Bombay areas. This, therefore, raises the question whether it is necessary at all to have an area base at Delhi or whether the Corporation could operate with only two area bases at Calcutta and Bombay.

15. The Committee were informed that a functional analysis of man-power showed that nearly 45 to 50 per cent of the staff were engineering personnel, and that as a result, Delhi, being the seat of a workshop, which would overhaul and maintain the Viscounts after their arrival during 1957, would have a heavy work-load which would necessitate the retention of an area base at Delhi in spite of its present low work-load. The Committee do not consider this a sufficient reason, if it were the only one, for determining area headquarters for purposes of administration and operations and would quote in support the instance of Bombay area, where the workshop is located at Hyderabad.

16. The Committee were also told that if Delhi area was abolished, the area Headquarters at Calcutta and Bombay would become responsible for operations over vast distances from as far as Leh and Srinagar in the North to Colombo in the South. Even on this basis, the Committee doubt whether the distances would become unmanageable, since they have the example of the Air India

International Corporation managing operations over far greater distances. In an air transport business, unlike in other transport businesses, executive management which includes planning, organisation, staff, direction, and co-ordination, could be generally more economical and efficient with fairly large regional areas of operation It is, therefore, necessary to evolve correctly optimum sized regions so as to reduce expenses on administration and to increase the utilisation of aircraft which would also enable reduction of the size of the fleet of aircraft.

17 The Committee are aware that Indian Airlines Corporation inherited a certain pattern of organisation which had to be continued and that its first attention had to be devoted to the consolidation of that organisation. But now that the first phase of consolidation is over, the Committee feel that the time has come for evolving a rational system of organisation to ensure an economical and efficient operation of air transport in the country

18. It has also been recommended to the Committee that the best way to operate air transport in a country is either to operate the services from a central point or from two points on the periphery. The Committee consider that the geographical situation of the leading commercial cities, namely, Calcutta and Bombay make it ideally suited for the operation of domestic air services to be done from both these points As has been pointed out, the major portion of the traffic is now controlled from the Calcutta and the Bombay bases. The Committee, therefore, feel that the Area Headquarters at Delhi may be eliminated without any difficulty and the entire operation controlled from the Calcutta and Bombay bases only.

F. *Location of Headquarters*

19. The question of the location of an area base at Delhi also raises the question whether it is necessary to have the Headquarters of the Corporation at Delhi. The Chairman of the Corpo-

ration told the Committee that the advantage of having the headquarters at Delhi lay in that it facilitated closer liaison with Government and with public opinion. However, the Committee do not feel happy about the tendency to centralise a large number of offices of all degrees of essentiality in Delhi. In their Fourth Report, they recommended a policy of dispersal of Government offices by shifting as many of them as possible out of Delhi. The Committee feel that Government owned Corporations also should think in terms of locating their headquarters offices as far as possible, in different parts of the country instead of concentrating them in Delhi. This is especially so in the case of autonomous Corporations, which do not have to function as departments of Government, since in their case it is difficult to appreciate the argument that their headquarters should be in Delhi to maintain close liaison with Government. As for keeping in touch with public opinion, the Committee feel that from the point of view of the Air Corporations a concentration of the users of air transport, actual and potential, is to be found less in Delhi than in certain other parts of the country such as Calcutta and Bombay. They, therefore, consider that the question whether the headquarters of the I.A.C. should remain at Delhi should be examined afresh by the Government and the management of I.A.C. in the light of the above remarks. In this connection, the Committee would also point out that no difficulties have arisen on account of the Air India International Corporation having its headquarters at Bombay.

20. A building at a cost of Rs. 25 lakhs is proposed to be constructed at New Delhi to house the headquarters office of the Corporation. The Committee suggest that no further commitments be made on the building project until the re-examination of the location of the headquarters of I.A.C. suggested in para 19.

G. *Delegation of Powers*

21. For the more convenient transaction of business, delegations of administrative and financial powers have been

made to the heads of Departments at Headquarters, to the Area Managers and to the Area Heads. It is understood that the Corporation is considering the delegation of more powers to the Officers at the bases and to the Station Heads.

22. During their visit to various bases and stations of the I.A.C., the Committee gathered the impression that the powers delegated to Officers at Area Headquarters and Stations were inadequate and hampered speedy action and also that on account of the changes in administration that had taken place, officers who had been accustomed to different types of administrative arrangements in different companies, did not have a very clear idea of the exact scope of their powers. In the circumstances, there is a tendency to refer all matters to higher authorities for sanction or for instructions. The Committee consider that the Corporation would play into the hands of the critics of nationalisation if it did not eliminate all rigidity in financial and administrative matters, normally associated with a Government organisation. The essence of air transport being speed, the administration on the ground can ill afford to be pedestrian. The Committee would, therefore, recommend that the speed, initiative and the efficiency of administration, at various levels, should be kept continuously under review. All cases where a responsible official on the spot is unable to act and has to make references to high officers for sanction should be carefully examined to see whether, consistent with the status of the official, more powers could be delegated to him so as to render such references unnecessary. It should also be ensured that officers who possess powers exercise them without making an unnecessary reference to higher officers.

23. The Committee noticed certain disparities between the powers delegated to the officers of the same level in the Indian Air-lines Corporation and the Air India International. For instance, the Traffic Manager in the Air India International Corporation has powers to create posts for a period of six months on

fixed pay not exceeding Rs. 500/- or on sanctioned scales of pay the maximum of which does not exceed Rs. 500/- per month. The corresponding powers delegated to the Traffic Manager in the Indian Airlines Corporation are limited to posts on sanctioned scales of pay whose maximum does not exceed Rs. 200/-, and fixed pay not exceeding Rs. 200/- per month. Similarly, whereas the Operations and Engineering Manager in the Air India International has powers to promote an employee in an existing vacancy of a post the maximum of the scale of pay of which does not exceed Rs. 1,200/- per month, the corresponding officer in the I.A.C. can sanction promotions to grades the maximum of which is only Rs. 650/- per month. The Committee were also informed by the representatives of the Indian Airlines Corporation that the Air India International Corporation was able to manage stations over longer distances because of the greater delegation of powers given to their station heads. Elsewhere in this report, the Committee have drawn attention to the inadequacy of powers given to the Station heads of the Indian Airlines Corporation to make refunds on cancelled tickets. The Committee would recommend that the Corporation should immediately make a careful comparison of the delegation of powers obtaining in the I.A.C. with those in the A.I.I. and take steps to delegate further powers wherever it is found necessary. The Committee would also suggest that the powers enjoyed by the Officers of the Corporation at various levels should be compared with those that were enjoyed by the well-run private air transport companies immediately before the nationalisation.

II

FINANCE, ACCOUNTS AND AUDIT

A. *Compensation*

24. The Air Corporations Act, 1953, lays down that where an undertaking is taken over by the Corporation, compensation will be paid as determined in accordance with the principles laid down in the Act. The compensation is to be determined by the Corporation in accordance with these principles and after approval by Government is to be offered to the Company. If the amount is not acceptable to the Company it may make a reference to a Tribunal constituted under the Act. The decision of the Tribunal is final and cannot be called in question in any court of law.

25. While the bill was in the draft stage, the Ministry of Communications had appointed on special duty an officer, who was a qualified Chartered Accountant, to take up the work of assessment of compensation. Specially devised reporting forms were drawn up to enable the airlines to report on their various liabilities to the two Corporations in order to facilitate the assessment of compensation. The Companies could take up the work of filling the forms only after the date of handing over, namely 1st August, 1953, and it took their varying periods ranging from two to six months to prepare the various inventories. Audit teams were appointed consisting of persons drawn from the Civil Aviation Department, the Hindustan Aircraft Limited, employees of the Air Corporation and men with knowledge of Accountancy, Cost Accounts and income-tax procedure. The assessment was completed in the last quarter of 1954 and after scrutiny of the report by the Corporation and the Government, the Companies were offered compensation. Certain disputes arose but a compromise was finally reached between the parties. A statement showing the value of compensation assessed, the value of bonds issued and the compensation paid in cash is given below —

Sl. No.	Name of ex-operator	Value of compensation assessed	Value of bonds issued	Value of cash paid
1	2	3	4	5
1	Airways (I) Ltd.	26,29,942	17,61,350	8,68,592
2	Bharat Airways Ltd.	32,11,079	25,60,720	6, 50,359
3	Kalinga Airlines	4,89,880	4,40,890	48,990
4	Indian National Airways Ltd.	55,94,471	45,62,790	10,31,681
5	Deccan Airways Ltd.	21,94,210	17,18,550	4,75,660
6	Air India Ltd.	1,47,54,143*	1,32,78,730	14,75,413
7	Air Services of India Ltd.	30,71,266	19,07,930	11,63,336
	TOTAL	3,19,44,991	2,62,30,960	57,14,031

*This includes Rs. 50,688/- as compensation for shares held by the company in Air India International Ltd.

No compensation was payable to Messrs. Himalayan Aviation Ltd., as their liabilities exceeded their assets by about Rs. 20.39 lakhs.

26. The Committee understand that despite the provisions of Sections 23 and 24 of the Air Corporations Act, which were intended to prevent manipulations of assets and liabilities on the part of the Companies to obtain higher compensation, these companies did resort in a few transactions of questionable nature but that nevertheless the Corporation had to pay compensation. A few such cases mentioned by the I.A.C. in their brochure "Nationalisation of Indian Airlines" are reproduced in Appendix IV. It is unfortunate that the Companies could get away with these transactions without affecting the compensation, as no provision for such cases had been made in the Act. The Committee suggest that the lesson of these cases should not be lost sight of and that all of them should be reviewed with a view to making suitable provisions in future bills for nationalisation, so as to avoid their recurrence.

27. One of the items on which there was considerable

difference of opinion in connection with compensation, was in regard to the liability of the Corporation for leave salaries in respect of leave earned by employees of the private airline during the period prior to nationalisation. The Committee understand that the Corporation was advised by its legal advisers that it would be justified in deducting certain sums from the compensation in respect of this liability. A total amount of Rupees 22,10,735 was thus deducted from the total amount of compensation payable to the companies. This deduction was contested by the Companies and while the matter was before the Tribunal, the Corporation was advised to enter into a compromise and to try to retain as much of this deduction from compensation as possible. Under the terms of the compromise, the Corporation agreed to pay the Companies Rs. 16,52,934/- withholding only 25 per cent of the amount originally deducted. The Committee consider that this difficulty should have been foreseen when issuing the rules regarding compensation. They hope that this lesson will also be not lost sight of when drafting compensation rules in future.

B. *Balance Sheet*

28. The balance sheets of the Corporation as on 31st March, 1955 and 31st March, 1956 are given in Appendices V and VI.

C. *Capital*

29. The capital of the Corporation is represented by the liability to pay compensation to the private airlines that were taken over under the Air Corporations Act, 1953 and the amount of capital received from the Government of India. The balance of liability on account of compensation as on 31st March, 1956 was Rs. 2,63,66,027 and the capital received from the Government of India amounted to Rs. 4,95,02,000, so that the total capital as on 31st March, 1956 was Rupees 7,58,68,027. The Corporation does not have to pay interest upto 31st July, 1958 on the Capital ad-

vanced by Government for the purchase of assets. Apart from the amount advanced as capital by Government, the Corporation has taken loans from the Government of India for expenses and reimbursement of losses. Such loans amounted to Rs. 2,65,31,000 as on 31st March, 1956. The Corporation has represented to the Government that the working capital should also be free of interest till 31st July, 1958 and that the amounts paid by Government as reimbursement of losses should be treated as subsidy. The accounts of the Corporation, therefore, make provision only for interest on compensation bonds and on the balance of a loan taken by Deccan Airways Limited from the Government of India which was interest bearing. The amounts for which interest is not payable for the reasons mentioned above, total up to nearly Rs. 7,72,00,000.

D. *Losses*

30. The losses incurred by the Corporation during the last three years are as follows:-

Year	*Loss incurred*
1953-54	79,47,988 (8 months)
1954-55	90,15,332
1955-56	1,19,40,035

31. It is thus seen that on 31st March, 1956 the total accumulated losses were Rupees 2,89,03,355. The statement prepared by the Indian Airlines Corporation showing the losses incurred from 1949 to 1952 by Air Companies whose undertakings vested in the Corporation is given in Appendix VII. The Corporation has calculated that if the subsidy given by the Government of India is not taken into account, the loss incurred in 1952 would be Rs. 47.07 lakhs and if certain items which had been omitted by the Companies are also taken into account, the losses would increase to Rs. 75 lakhs. A statement prepared by the Corporation showing the items omitted by the Companies is at Appendix

VIII. The Corporation has attributed its losses as compared to those of the Companies, to new taxes imposed on petrol by some of the State Governments and high wage bills owing to revision of pay scales.

32. The summary of the budget estimates of revenue and expenditure of the Corporation for 1956-57 is given below:-

Revenue	*Rs. in lacs.*
1. Revenue from scheduled operations	710.00
2. Revenue from non-scheduled operations	56.00
3. Miscellaneous receipts	22.00
TOTAL REVENUE	788.00

Expenditure	*Rs. in lacs.*
1. Salaries and allowances	290.00
2. Contribution to Provident Fund	14.00
3. Fuel and oil	357.00
4. Landing Fees	27.50
5. Maintenance and overhaul of air-frames and engines	78.00
6. Surface Transport	15.50
7. Insurance Premia	32.50
8. Booking Agency Commission	17.00
9. Miscellaneous	81.00
10. Training of Flying personnel	13.50
11. Depreciation	68.73
12. Welfare Fund	0.10
Operating Expenditure	994.83
Operating Deficit	206.83
Non-operating expenditure (Interest on bonds and borrowings)	9.68
Non-operating income	[illegible]

33. Three statements showing comparison under different heads between expenditure for (i) 1953-54 and 1954-55; (ii) 1954-55 and 1955-56 and (iii) 1955-56 and budget estimates of 1956-57 are at Appendix IX. There has been a steep increase under salaries and allowances. The increase is said to be due to increase in scales of pay and allowances and liberalisation of service conditions and additional staff. There has been a substantial increase under fuel and petrol. This is said to be due to the increased capacity operated mainly by the introduction of the Skymasters on the night airmail services and on certain principal routes and by the introduction of the Heron aircraft on certain other routes. Landing charges have also increased due to higher scale of charges for the Skymasters as against those for Vikings and Dakotas. Insurance charges have increased due to the introduction of additional aircraft. Depreciation has similarly increased. Due to additional training programmes expenditure on Training has increased. While the increases under expenses (estimated) for 1956-57 is 27% per cent over that of 1954-55, the increase in anticipated revenue is only 15.8 per cent.

34. The Committee feel concerned at the mounting losses incurred by the Corporation. They understand that in the early stages of nationalisation, the Corporation was pre-occupied with the urgent problems of integration and unification and in building up a system of administration which would provide a suitable instrument of action for its policies. The Corporation has now organised its accounts and internal audit departments. The Financial Controller has been given wide powers and a full measure of autonomy has been given to the internal audit departments at the bases. The Committee are informed that a system of cost control is being built up and a uniform system of maintenance of records has been introduced. Statements reflecting performance of various activities have been standardised and are regularly received and scrutinised at the headquarters. Cost control is said to be exercised over the different types of activities.

35. The importance of placing the Corporation on a proper economic footing cannot be over-emphasized. The Committee have in their Forty-first report referred to the tendency in a subsidized air-transport industry, to allow activity to get itself adjusted at a level where subsidies are taken for granted. Huge losses depress the moral of those who work for it, lower the efficiency and lead to further losses. It is, therefore, necessary to make special efforts to reduce the losses. In general, losses can be reduced on the one hand by economising in expenditure and on the other by increasing the earnings. Economy in expenditure is aimed at reducing the cost of production of the end-product, i.e., the cost per capacity ton mile. Earnings can be increased by selling more of the end-product i.e., by increasing the Revenue ton miles sold, incidentally increasing the load factor or by increasing the earning per unit product sold i.e., Revenue earned per Revenue ton mile.

36. The Committee find that 34.6% of the total operating expenditure is accounted for by salaries, allowances, T.A. expenses, Provident Fund and Pension Fund and 38.3% by Fuel and Oil. Later on in this report the Committee have referred to the low rate of productivity of the staff and the need to increase productivity. Increase in staff productivity with its implications of increased efficiency and higher output will make a definite contribution towards economic rehabilitation of the Corporation. The Committee have also pointed out elsewhere the need for a review of the route pattern and increased and efficient utilization of the fleet. While the former step is directed towards ensuring that the end product suits the demands of the market and thus increases the sales, the latter reduces unproductive expenses. The Committee have referred in a subsequent chapter to the need for economies in expenditure on fuel and oil. Measures for attracting more traffic have also been indicated in this report. The Committee have also referred to the question of keeping the level of fares and freight at a rational and realistic level. They recommend that urgent mea-

sures should be taken in all these directions to stop the continuing drain on the public exchequer.

E. *Depreciation*

37. The Committee understand that depreciation is provided for on the aircraft at the following rates:-

Skymasters	10%
Herons	10%
Vikings	25%
Dakotas	25%

38. This rate is applied on a straight line basis and is calculated on the original purchase price so that the amount of depreciation is the same year by year. They also understand that a regular depreciation reserve fund has not been created and that such a fund was not considered necessary, since the Corporation was running at a loss and the Government was making good the cash losses. It was explained that when replacement of aircraft was necessary, the Government would provide additional funds, which would in a way meet the need of the depreciation reserve fund.

F. *Insurance*

39. The Committee understand that the Corporation has introduced a self-insurance scheme, under which 66 Dakotas will be insured to the value of rupees one lakh each; 12 Vikings to the value of Rs. 2.50 lakhs each and Twin Beech to the value of Rs. 1 lakh. The Corporation insures with outside insurers six Skymasters to the value of Rs. 28 lakhs each. In addition, full insurance of all aircraft in respect of passengers, freight, mail and third party legal liability is being effected as per details below:-

1. PASSENGER LEGAL LIABILITY
(applicable to Passenger aircraft only)

Rs. 50,000/- any one passenger including Rs. 2,500/- for baggage liability; overall limit being Rs. 50,000/- multiplied by the number of seats in any one aircraft.

2. FREIGHT LEGAL LIABILITY

Rs. 50,000/- any one aircraft in respect of any one aircraft, excluding Twin Beech TV-ANJ.

3. THIRD PARTY LEGAL LIABILITY

Rs. 10,00,000/- any one aircraft unlimited in any one year in respect of each Skymaster; Rs. 5,00,000/- for each Heron, Viking and Dakota and Rs. 2,50,000/- for Twin Beech VT-ANJ.

4. MAIL LIABILITY

Rs. 1,00,000/- in respect of all claims arising out of any one event and any one aircraft.

40. As regards other property, the Committee understand that the question of laying down a uniform policy in respect of insuring property belonging to state controlled undertakings, is under the consideration of the Ministry of Production.

G. *Form of Accounts*

41. Under Section 15(1) of the Act, the forms of the accounts are to be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India. Action has not yet been completed as required under this provision. The Committee understand that the suggestions of the Comptroller and Auditor-General of India had recently been received by the Government and that the matter was under consideration. They hope that a very early decision will be taken in the matter and the forms of account as finally decided will be introduced at least from 1st April, 1957.

H. *Audit*

42. Under Section 15(2) of the Air Corporations Act, the

accounts of the Corporation are to be audited by the Comptroller and Auditor-General of India and the expenditure incurred by him in connection with such audit will be re-imbursed by the Corporation. A sum of Rs. 2 lakhs per year is being provisionally provided for in the Profit and Loss Accounts of the Corporation towards the cost of Government audit. The Committee understand that it has not yet been finally ascertained what amount the Corporation would have to pay on account of audit charges. They feel, however, that the amount provided is somewhat high and suggest that early steps should be taken to ascertain from the Comptroller and Auditor-General the actual amount. They would also suggest that the matter be discussed with the Comptroller and Auditor-General of India so as to economise on the cost of Government audit, if possible.

43. The Committee understand that in addition to the statutory audit, the Corporation has set up an internal audit organisation, which carries out the day to day audit of all the activities of the Corporation. Since the internal audit department started functioning only in January, 1955, the audit of the accounts for 1954-55 was also got done by commercial auditors.

I. *Annual Reports*

44. The Committee find that the Annual Reports presented by the Indian Airlines Corporation do not contain all the statistical data that modern airlines usually give in their annual reports. The Committee recommend that the Corporation should study the reports of various modern air lines and improve both the exent of information furnished in their reports as also the standard of reporting. At present, the reports are in the form of cyclostyled sheets. The Committee feel that the attention paid even to such small matters as the get-up of the annual reports will be taken to some extent by the general public as represent-

ing the extent of attention the Corporation devotes to all its affairs. They would, therefore, recommend that sufficient attention should be paid to such matters.

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*Since the finalisation of the Report and on the eve of its presentation printed copies of the annual reports have been received.

III

OPERATION

A. *Route Pattern*

45. In 1945, the following declaration of policy was made by the then Government of India about the post-war plan for air transport services

> "the policy of the Government of India is to permit the development and operation of air transport services internal and external by a limited number of sound and reliable private commercial organisations with their own capital and operated under normal commercial principle of risk of losses and prospect of gain The operation of Air Transport Service would be subject to licence granted by Government."

In spite of such a system of licencing having existed, the Air Transport Enquiry Committee found in 1950 that the working of the rules of licence of scheduled air transport services had not brought about the result that was intended to be achieved when they were framed. There was an intensive competition to obtain route licences and there were too many operators in the field to exploit the limited traffic potentials. The result was uneconomical working and wasteful competition. As with the other aspects of operation the route pattern which existed prior to nationalisation was not rationally planned, and was inherited by the Indian Airlines Corporation. The Committee regret to observe however that even three years after nationalisation, the route pattern is substantially the same as was inherited by the Corporation, in spite of the fact that it was well known that the old route pattern contributed a great deal to the uneconomical working of most of the Air Transport Companies in India prior to 1953.

46. One of the obvious advantages of the unification of a number of airlines is that it enables a rationalisation of the route network operated by the separate airlines and in so doing can greatly increase both the intensity of operations and the aircraft productivity, which are critical determinants of cost levels in airline operations. The Committee feel that this matter should have received sufficiently early attention on the part of the Corporation, as one affecting its financial results They are aware that a process of rationalisation of routes would require a careful analysis of various aspects of public interest, besides the financial interests of the Corporation. They consider however that there is no justification for delaying any further, a critical analysis and assessment of the existing route pattern of the I.A.C. with a view to its rationalization and recommend that it be undertaken immediately, so as to prevent the Corporation from getting deeper into the rut of losses, in which it has found itself today They suggest that the Air Transport Council and the Advisory Committee to be constituted under Section 41 of the Air Corporation Act, may also be consulted in the matter, if necessary.

47. At the request of the Committee, the Corporation has furnished a route-wise analysis of profit and loss for 1955-56 as also routewise traffic statistics for the same period. These statements are reproduced in Appendices X & XI of this Report. It is seen that of the 43 scheduled passenger services mentioned in the statement at Appendix X, six routes have since been dropped. Of the remaining 37 routes which continue (in some cases with some modifications) only on six routes the services operate at a profit. The loss is over 75% of the total cost on one route; between 50% and 75% on another; and between 25% and 50% on nine routes. The routes on which the loss is over 25% of the total cost are shown below:-

Delhi-Jaipur-Jodhpur-Ahmedabad-Rajkot	75.88%
Delhi-Agra-Gwalior-Bhopal-Indore-Aurangabad-Bombay	73.31%

Bombay-Keshod Porbandar-Jamnagar	48.52%
Delhi-Lahore	46.39%
Mohanbari-Lilabari-Jorhat	41.00%
Madras-Bangalore-Coimbatore-Cochin Trivandrum	36 36%
Bombay-Ahmedabad Bhuj Karachi	36.09%
Delhi Karachi	34 17%
Calcutta Agtali Silchar Imphal	31 83%
Bombay-Calcutta	28.92%
Bombay Belgaum Mangalore-Cochin	26.53%

48. Considering the losses not in terms of percentage on costs but in terms of money value, it is seen that the following routes bring in losses of over Rs. 10 lakhs in each case.

1. Night Airmail Services Rs. 18 98 lakhs.
2. Bombay Calcutta Rs 12 30 lakhs.
3. Delhi Agra Gwalior Bhopal Indore Aurangabad-Bombay Rs. 13 37 lakhs.

As regards the load factor, it is seen that on the Bombay-Bangalore and Bombay Delhi (Evening). services, the load factor attained is 79 6% and 83.9% respectively. Still, both these services are operating at a loss. The former service resulted in a loss of Rs. 3.58 lakhs and the latter in a loss of Rs. 2.08 lakhs in 1955-56. The Committee consider it a very unsatisfactory position that such heavy losses should be incurred inspite of the load factor being so high. They feel that this calls for an immediate investigation into the costs on these routes and urgent steps to effect necessary economy.

49. The routes operated by the I.A C. as on 1-1-1956 are given in Appendix XII. As an instance of a route pattern which continues to be in force perhaps just for the reason that an airline obtained a licence for that route before nationalisation, the Committee would point out the Calcutta-Madras Bangalore Service. Madras and

Bangalore are already connected by the Madras-Trivandrum Dakota Service. The Committee have great doubts whether the traffic between the two cities demands an additional Dakota connection by the Calcutta service.

B *Correlation of Type of Aircraft and Rate*

50. The Committee would suggest that as part of the analysis of route pattern suggested above, the question of correlating the type of aircraft used on a route with the traffic on that route should also be examined afresh, with reference to the load factor on that route and relative overhaul economics of operation by various aircraft. For example a question which could be examined in this connection is whether instead of a Dakota connection between Madras and Bangalore, a Heron service could be used more economically and also whether it is economical to use a Dakota on a service line between Madras and Trivandrum, where the stage lengths vary between 92 and 174 miles. In this connection, the Committee would invite reference to the following conclusion reached by the Air Transport Enquiry Committee:

> "The cost per ton mile of a Dakota is lowest on a stage length of about 350 miles, which thus is its optimum range. Any stage distance therefore of less than 350 miles, as must necessarily be the case in the majority of feeder services, would result in higher cost per ton-mile if operated with Dakotas. It would obviously be uneconomical to use a Dakota on a feeder service unless one can reasonably expect a sufficiently high load factor"

C. *Feeder Routes*

51. The I.A.C. bought eight Heron aircraft with a view to serving and developing feeder routes in the country. At present, the following routes are treated as 'feeder routes' and are operated by Herons:

1. Delhi-Agra-Gwalior-Bhopal-Indore-Aurangabad-Bombay.
2. Delhi-Jaipur-Jodhpur-Ahmedabad-Rajkot.

The Committee find it difficult to appreciate that these long

routes should be considered as 'feeder routes'. It is also doubtful whether Herons which are believed to be inconvenient for travel for hours at a stretch, are at all suitable for these distances. Besides, while deciding upon feeder routes', it is not only the distances between two successive stations that should be taken into account but the total distances of the route. The Committee recommend that the question of determining feeder routes should be examined afresh and that the route pattern and services should be so designed that passengers do not have to travel long distances on aircraft which are designed only for short runs.

D. *Fleet*

52. The fleet of the Corporation consists of (i) Dakotas 66 (ii) Herons 8 (iii) Vikings 12 and (iv) Skymasters 6.

D. *(i) Disposal of Aircraft*

53. The Corporation took over from the Air Transport Companies a fleet of 98 aircraft, of which nine were not put into commission, and are now sought to be disposed of in an 'as is' condition. One of them was sold but the purchaser has not taken delivery of it so far while two of the others were overhauled at an additional cost of Rs. 61,530/ one of them was used for some time for occasional flights but as it was of an obsolete type and as there was difficulty in getting spare parts of it, further overhauls were suspended. It is understood that there is no demand for these types of aircraft. The Committee recommend that instead of continuing to hold these aircraft in stock, effective steps may be taken to dispose them of, at an early date through second hand aircraft dealers either in this country or abroad. The Committee would suggest that the Hindustan Aircraft Limited may also be consulted before disposing of the aircraft in case they could find any use for the spare parts.

(ii) Purchase of second-hand aircraft

54. The Corporation has purchased the following second-

hand aircraft so far.

Dakotas	4
Skymasters	3

The Committee were informed that the reasons for purchasing these second-hand Dakotas were (i) four Dakotas were involved in accidents and were written off between 1-8-1953 and 1-8-1955 (ii) one Dakota was released to Air India International Corporation in 1954 (iii) the Corporation was committed to release one aircraft to Messrs. Indian Airways Limited; and (iv) there was an increased demand for aircraft for non-scheduled operations.

(iii) Releasing of a Dakota

55. As regards the release of a Dakota aircraft to Messrs. Airways Limited, the Committee were informed that it was made in accordance with an undertaking given before nationalisation to each of the companies that they would be allowed to purchase one Dakota, subject to the condition that the company would not sell it to/any other person without the concurrence of the Corporation and that when the Company desired to dispose it of the Corporation could purchase it at a cost to be fixed in accordance with the same principles as were laid down in the Act. The Committee understand that the Corporation adjusted it towards their assets and did not pay it by way of compensation

56. Under Sections 16 and 17 of the Air Corporations Act 1953, all the assets of the Air Transport Companies taken over on 1-8-53 automatically vested in the Corporation. The transaction, referred to above, therefore, amounted to the Corporation selling a Dakota air-craft to the Company at the same cost at which it was acquired from the Company. Ordinarily such a sale should have been effected only after the Corporation had satisfied itself that the aircraft was surplus to its requirements. As has been stated earlier, the Corporation had, subsequently, to purchase four Dakotas. Further, if the Corporation decided that they were in a

position to dispose of an aircraft it should have been ordinarily ensured that the best price according to the market rates was obtained. The compensation value fixed under Air Corporations Act was not related to the market price, and was actually very much below the market price. The Committee, therefore, consider that the circumstances in which such a commitment was made should be reviewed by Government in order to see whether the commitment was made after taking into consideration the public interest.

(iv) Skymasters

57. Three second hand Skymaster aircraft were purchased from Messrs. Air Vietnam through Air Carrier Services Corporation. The Dakota aircraft that were used on the night airmail service were found insufficient to carry all the load that was offered. The Corporation already owned three Skymaster aircraft, and therefore, decided to purchase three additional aircraft in order to operate the Night Air Mail Services by Skymasters. The Committee were informed that extensive enquiries were made and quotations were called for before the aircraft were purchased from Messrs. Air Vietnam.

58. The Committee were informed by a non official witness that the Skymaster Aircraft are economical only at stage lengths of about 1,500 miles and that, therefore, its operations in the domestic night airmail services entailed heavy cost. The stand taken by the Corporation was that it had found Dakotas unsuitable for the night airmail services and it was faced with only two alternatives, either to continue the operation with the Dakotas till a more modern and suitable aircraft was available or to think of an interim arrangement. Since three Skymasters with insufficient utilisation were available, it was decided to introduce them on the night airmail service and additional aircraft of the same type were purchased to cope with the load on the night airmail service. The Committee were also informed that when the Viscounts are received, it is intended to use them on the night airmail services as well as for

the day services on trunk routes.

59. This will raise the question of the utilisation or disposal of Skymaster aircraft on the receipt of the Viscounts. The Committee understand that the Skymaster aircraft are best suited for charter operations within the country as well as on international routes. Since it is understood that neither of the Corporations find it possible at present to undertake all such charters for want of suitable aircraft, the Committee would recommend that when the Skymasters are replaced by Viscounts, they should be used for long range charter operations and that they should be retained to the extent necessary for such purposes.

(v) Herons

60. In 1955, the Corporation purchased eight Heron Aircraft, which are small aircraft mainly designed to provide services for relatively short routes Till now they have been introduced only on three routes

1. Delhi-Lahore-Delhi

2. Delhi-Agra-Gwalior-Bhopal-Indore-Aurangabad-Bombay; and

3. Delhi-Jaipur-Jodhpur-Ahmedabad-Rajkot.

It was stated in the Annual Report for 1955-56 of the Communications Ministry that it was proposed to operate shortly the following new services also with the Herons:

1. Bombay-Baroda-Ahmedabad

2. Madras-Vijayawada-Hyderabad

3. Madras-Trichinopoly-Trivandrum-Madras-Cochin

The Committee find that the proposal has not yet been put into effect.

61. Various difficulties were encountered in the wake of the introduction of the Herons in the services of the Corporation, mostly due to defects which were observed during actual working.

The Committee understand that before deciding upon the purchase of Heron Aircraft, detailed observations were made by the officials of the Civil Aviation Department, and that the Director General of Civil Aviation himself recommended in a letter addressed to the Chairman, I A.C reproduced in Appendix XIII, that the aircraft would be quite useful on feeder services, routes for which were also suggested by him Companies in foreign countries who were using the aircraft were said to have been addressed and their replies were stated to have shown that the Heron aircraft were operating satisfactorily in their service.

62. A capital expenditure of Rs 74.25 lakhs was incurred on the purchase of 8 Heron aircraft They were received in India during the period April to July, 1955 While framing the budget estimates for 1955-56, it was assumed that the utilization of Heron aircraft during 1955-56 would be on an average 2460 hours per annum. The Committee, however, observe that the actual utilization during this period was only 834 hours per Heron and 6672 in all which is about a third of the estimated utilisation The actual utilization of all the aircraft since their acquisition till the end of October, 1956 has been stated to be 10675 hours. Thus actual utilization from April, 1956 to the end of October, 1956 was about 4003 hours in all, and about 758 hours per aircraft per annum which is just about 50 per cent. of the utilization assumed for the purpose of the budget estimates for 1956-57 and is less than 1/3rd of the utilisation assumed for the budget estimates for 1955-56.

63. The Committee consider that the project was not properly planned. They also consider it strange that the aircraft, about a hundred of which have been reported to be operating satisfactorily with operators all over the world, should develop so many

troubles within a short time after the Corporation acquired them. They, therefore, recommend that an enquiry should be conducted into the causes of the troubles that the aircraft gave, and action taken to fix responsibility therefor and for the failure to plan properly the use of the aircraft.

64. The Corporation proposes to get ten Vickers Viscount Aircraft. The first five of the aircraft are expected to arrive between July and October, 1957. The Viscounts are powerful aircraft fitted with turbo-prop engines normally intended to fly at a height of 20,000 feet at a speed of 275 miles per hour. The ten Viscounts will cost the Corporation about a sum of Rs. 6 crores. The Committee feel that the result of the enquiry recommended in the previous para should help the Corporation to plan ahead correctly for this bigger and costlier project.

B. *Utilisation*

65. The figures of aircraft utilisation (hours per annum) for different types of aircraft for the year 1954-55 and 1955-56 are given below:

Type	1954-55	1955-56
Dakota	1371	1416
Viking	1510	1568
Skymaster	1010	1650
	5891	4629

There has been, no doubt, a slight improvement in the aircraft utilisation in 1955-56, but it is observed, that for the purpose of the estimates for 1956-57, the following figures of utilisation have been used:

Dakota	1275 hours per annum
Viking	1175 hours per annum
Skymasters	2710 hours per annum

The Committee feel that the utilisation assumed for the pur-

poses of estimates for 1956-57 is very low in the cases of Dakotas and Vikings. The main reasons for this are stated to be that some of the main routes which are operated by Dakotas and Vikings, at present, will be taken over for operation by Skymasters. Even so, the position would indicate a surplus capacity for operation in the case of Dakotas and Vikings.

66. As has been pointed out earlier the utilisation of the newly acquired Herons has been very poor. The average utilisation per annum for 1955 56 of the Heron aircraft was only 834.

The Committee realise that aircraft utilisation will depend upon various factors such as traffic demand, time of schedule departures, maintenance and overhaul requirements, weather operating conditions, effectiveness of aircraft routing, economics of aircraft etc. They also realise that utilisation would have a meaning only if seats are filled and if the cost per mile is reasonable and that while an aircraft on the ground would not be producing revenue, it might cost less to park it and to pay depreciation on it than to fly it almost empty. But by drawing suitable operational route plans for the airline net-work as a whole it should be possible to design operations so as to increase the utilisation. The Committee would in this connection quote the following recommendation of the Air Transport Enquiry Committee:

> "It should be possible both to schedule more hours of flying per day with the serviceable aircraft available for route flying and to reduce appreciably the number of spare aircraft held as operational reserves against the development of mechanical defects, delay in return to base owing to bad weather, etc. This problem of operational planning is a highly technical and specialised study and we feel that no useful purpose would be served by our attempting to suggest an actual pattern to be followed. But it seems to us quite possible that careful attention to this problem might enable a single operating unit to raise the average utilisation of the aircraft in its fleet from, say, 1800 hours (which appears to be about as high a figure as may be expected with the separate operating units) to, say, 2200 hours. In the case of Dakota, it will be seen from Chart IA(Appendix XV) that

this means a reduction in cost per hour, from Rs. 552 to Rs. 535 a drop of 3 per cent. Thus if it is assumed that the average utilisation of the Dakota under our proposed scheme of separate operators is 1800 hours, representing a reasonable cost per hour of Rs. 552, the reduction in minimum reasonable cost to be anticipated if the industry were brought under the control of a single corporation would be 3 per cent. to Rs. 535 on account of increased utilisation."

67. While the cost mentioned above may not represent the cost that it may be possible to achieve at present, the economic trends that were indicated would still follow with higher utilisation of aircraft. The Committee observe, however, with regret that whereas the Enquiry Committee was of the view that the average utilisation under unified operation could go up to 2200 hours per annum, the Corporation has still not succeeded in reaching even a figure of 1500 hours. They would, therefore, recommend that every effort should be made to increase the aircraft utilisation and to put the present fleet to the maximum effective economic use.

68. The Committee understand that the Corporation is at present able to handle only 50% of the non-scheduled traffic available in the country. The Committee feel that it should be possible by means of better operational planning to achieve greater utilisation of aircraft by undertaking more non-scheduled traffic.

69. The Committee suggest that while considering the question of fuller utilisation of the existing fleet, it should also be considered how the aircraft that may be rendered surplus by the introduction of Viscounts should be utilised. A well thought out and properly phased programme should be worked out in advance to make the change over smooth and to ensure that un-economic operation or idle capacity does not result from such a change-over.

F. *Replacement of Dakotas*

70. It is necessary to examine how long the existing fleet of Dakotas could continue to function economically. The Committee understand that difficulties in obtaining spare parts for Dakotas are

being experienced and that the cost of spare parts for Dakotas has risen considerably. On the other hand, the fixed charges like charges on depreciation etc. are very low as the Dakotas were acquired at a low book value. The replacement of any type of aircraft and the acquisition of newer types needs much advanced planning. The Committee, therefore, consider that the question should be taken up for examination now, regarding the policy to be followed in regard to the replacement of Dakotas.

71. The Committee were informed that a few Dakotas are intended to be turned into freighters as there appear to be good prospects for developing freighter services in the country. They agree that it would be profitable to use the Dakotas removed from passenger services in this manner.

G. *Standardisation of Fleet*

72. With the addition of Viscounts, the Corporation will have five types of aircraft in its fleet. The Committee feel that any proposal for expansion of the fleet should take into consideration the necessity to avoid multiplicity of types of aircraft in the fleet. Diverse types of aircraft are bound to increase the problems of maintenance and engineering as well as of pilots. It is therefore, necessary for the I.A.C. to conform, as far as possible, to fewer types of aircraft. The Committee consider that the Corporation should have as its objective the standardisation of its fleet with the minimum number of types of aircraft, necessary for the main types of operation in the country such as trunk routes, the feeder routes and the freighter services.

H. *Type of Aircraft to be Produced in the Country*

73. Linked with the problem of re-equipment of the fleet of the Corporation is the question of the manufacture of a suitable type of aircraft in the country. The Air Transport Enquiry Committee recommended that the Air Force should first decide on a type of aircraft that would meet its needs for transport purposes and that it

should then be decided whether that type could satisfy the requirement of civil air transport also. The combined requirements of Defence and civil air transport were expected to be substantial enough to justify the Hindustan Aircraft Limited to start a production line under a system of licence from the manufacturers of the type of aircraft selected. The Committee understand that the Hindustan Aircraft Limited has a scheme to start a line of production of medium sized aircraft. The Committee would, therefore, recommend that there should be utmost co-ordination in this matter among the Corporation, the I.A.F. and the Hindustan Aircraft Limited.

I. *Operational Control*

74. Control over operations is ordinarily exercised by having an efficient system of training of the operating staff *viz* the air crew and the ground staff, by laying down procedures and techniques for operations and by providing efficient plan-ground communications. The Committee will examine in a later Chapter the question of training. In this Chapter the Committee propose to examine the question of operational control in general. The Committee were informed that the services of an expert from abroad have been obtained for the preparation of an operational manual incorporating the detailed procedure and techniques of operations of different types of aircraft. They also learn that even though a detailed manual for the operation of Dakotas was prepared and given to the Corporation six months ago, for the purpose of printing and placing a copy in the hands of each of the pilots operating the Dakotas, it has not yet been printed and made available to the pilots. The Committee regard this as a most unbusiness-like omission on the part of the Corporation in an important matter.

75. In most modern countries, airline pilots use radio telephones to communicate with the radio stations of the airlines with the aviation authorities and with the station and airport control tower. The pilot is provided with the latest weather condition equipment, airways traffic control information and instructions

and information on *enroute* weather changes in flight and other information of conditions of a routine nature. While flying over territories not equipped with radio facilities the pilot utilises morse code telegraph operation. This requires an additional radio operator. Steady improvements in radio telephone for long range operations and extention of radio net work have decreased the need for a flight radio operator. Radio telephone communications are also recorded on dictaphone and plastic records so that the contents of the messages are recorded and also so that responsibility for errors could be fixed. The Corporation informed the Committee that the intensity of their operations is not very high except in the Calcutta region and, therefore, operational control on the same elaborate lines as in the more developed countries has not been introduced in the I.A.C. Certain senior officers of the Corporation are required to be present during the bad weather period to give specific instructions to pilots if necessary. If the approach to a particular aerodrome is not suitable for landing at certain times specific instructions are given to pilots with the available means of communications. Charts are kept in the control offices of all the aerodromes giving the information about the aircraft flying at a particular time, though the information may not be correct to the second. But whenever something abnormal happens special arrangements are made to give high priority to communication in respect of operation, by suspending other work. The Committee feel that with the introduction of more modern aircraft flying at high speeds the Corporation should take steps to introduce more modern systems of operational control. As they involve additional capital investment and import of equipment a phased programme should be drawn out and early steps should be taken in that direction.

J. *Operating Expenses*

76. A summary of operating expenses under main functional heads in the years 1954-55 and 1955-56 are given below:

	1954-55	Percentage	1955-56	Percentage	Increase in Percentage
	Rs.		Rs.		
Flying operations	4,00,66,907	51.8	4,57,91,564	49.6	14

Flight Equipment maintenance, repair and overhaul	1,66,79,060	21·5	1,89,06,363	20.6	13
Passenger cargo and mail services	22,75,073	2·8	28,73,900	3·6	25
Surface Transport	27,62,465	3.5	29,00,183	3.1	5
Traffic and Sales	45,02,729	58	59,37,636	6·4	31·8
Booking Agency Commission	15,88,888	2	20,39,175	2.2	28
Advertisement and Publicity	3,66,534	46	4,51,521	·48	23
General Administration	49,47,011	6·4	73,66,502	7.9	48
Depreciation	40,62,597	5·2	59,00,719	6.4	45
	7,72,51,164		9,21,67,563		

77 From the percentage increase under the various items, it is seen that the highest increase has been recorded under General Administration. Next in order are the increases under traffic and sales, booking agency commission and passenger cargo mail services. The increases in expenditure under these services which are directly related to traffic are 31 8%, 28% and 25% while the direct revenue earned from the traffic has increased by only 17·4%. It is also observed that the percentage of the expenditure on General Administration to the total Operating expenses was 6·4% in 1954-55, but increased to 7·9% in 1955 56. The Committee consider that these results are significant and that the Corporation should study these trends carefully and take remedial measures to stop disproportionate rise in expenditure under certain heads.

K. *Surface Transport*

78. The Committee note that the Corporation has incurred an expenditure of Rs. 2,68,606 and Rs. 2,53,965 in 1954-55 and

1955-56 respectively on the hire of surface transport They understand that hiring of transport was rendered necessary, since the transport vehicles taken over from the previous airlines were unfit for service and had to be replaced The Committee feel that very early action should be taken in the matter as it is uneconomical to pay such large amounts on hire

L. *Fuel and Oil*

79 The expenditure of the Corporation on fuel and oil for 1954-55 and 1955-56 is given below

	1954-55 Rs	1955-56 Rs.
Fuel		
Flying Operations	2,82,67,444	3,08,55,717
Flight equipment maintenance, repair and overhaul	89,989	1,90,736
Service Transport	8,55,700	8,62,925
	2,92,13,133	3,19,09,378

Oil	1954-55 Rs.	1955-56 Rs.
Flying Operations	9,14,304	10,33,604
Flight equipment maintenance repair and overhaul	9,257	1,03,366
Service Transport	14,979	18,769
TOTAL	9,38,540	11,55,739

80 The Corporation consumes nearly one crore gallons of fuel per year. The Committee understand that the operations department maintains regular charts against which the consumption of fuel in respect of each flight is plotted in the form of a graph. When variations are shown dependent upon weather or other mechanical

conditions, they are examined with a view to finding out whether there is adequate explanation. The Committee understand that after the introduction of this system considerable economy has been effected in the Calcutta area.

81. The Committee would suggest that as much control as possible should be exercised in this direction. They were told by a non-Official witness that due to bad navigation, due to carelessness, improper control and lack of training, pilots very often approached the landing ground at the wrong end of the run-way and had to be directed by the control to get round to the other end which involved unnecessary additional flying hours at considerable cost The Committee recommend that the Corporation should keep in view all such factors which result in avoidable expenditure on fuel and should take necessary steps to eliminate such wastage.

82 The Committee would also refer to the fact that the price of aviation fuel in India is high The Air Transport Enquiry Committee found that quite apart from the high rates of customs duty levied on petrol used in India, the prices received by the Companies even at Bombay and Calcutta was higher than those obtaining for similar grades of fuel in Australia in spite of the much greater distance of that country from the sources of supply In addition to the basic price, there are also customs and excise duties amounting to nearly one rupee per gallon. Added to this, certain States have levied sales tax on aviation fuel The total amount of customs and excise duties and sales tax paid by the I A C on aviation petrol was Rs. 96.34 lakhs in 1955-56. The Committee also understand that international services and the Air Force do not have to pay such heavy duties on aviation fuel.

83. The position would therefore mean that on account of the operations of the I.A.C., while the Government lost in 1955-56 nearly Rs. 119.4 lakhs, the country's exchequer also gained Rs. 96.34 lakhs This, however, cannot be a justification either for complacency or for not considering the question of lowering the

incidence of taxation on fuel on the Corporation. In this matter it should be borne in mind that continuous losses demoralise the employees of the concern. Therefore, the apparent financial improvement that could be effected by helping the Corporation to reduce its total costs on fuel will contribute to improving the morale of its employees and thereby help to increase efficiency and better its financial prospects At the same time, the real loss to Government will not be worsened. The Committee would, therefore, recommend that the matter should be considered by Government from this point of view and necessary action taken.

M. *Accidents*

84. The accident statistics for the last three years is given below—

Year	Total No of Accidents	Fatal accidents	Fatalities		Damage of aircraft
			INDIAN AIRLINES CORPORATION		
1954	2	1	Pilot 1 Co pilot 1 observer 1	3	1 Dakota destroyed 1 Viking Substantial
1955	9	4	Crew 10 Pax 6	16	3 Dakotas destroyed 5 Substantial 1 Heron substantial
1956	6	2	Pax 16	16	2 Dakotas destroyed 1 Substantial 1 Viking substantial 1 Heron substantial.

85. A perusal of the reports of the enquiries instituted from time to time into these accidents indicates that the main cause of accidents has generally been 'pilot error'. The other reasons are (i) bad landing condition (ii) failure of engines; (iii) Defective aircraft control; and (iv) Bad weather. In reply to a question on 18th May, 1956 in Rajya Sabha, the Minister of Communications laid

a statement on the Table of the Rajya Sabha stating the steps taken to prevent accidents These steps include

1 Checking of pilots for emergency procedure and instrument flying

2 Requirement that aircraft maintenance engineer shall hand over a daily certificate of safety for an aircraft on a scheduled service to the pilot personally

3 Conversion to Phenoval fire deduction system being made mandatory in the case of Dakota aircraft.

4. Compulsory carriage of carpet check lists by pilot in charge of aircraft reporting scheduled services.

5. Standardisation of test flight schedules on Dakota and Viking aircraft.

6 Revision of maintenance schedules of aircraft and engines.

7. Official supervision of all maintenance work carried out during the night on ISE aircraft

8 Stage inspection on both Dakota and Viking air engines undergoing overhaul at various Indian Airlines Corporation s basis

9 Complete overhaul every alternative year on Dakota

86 The need for maintenance of the safety factors at the highest standards cannot be over emphasised The Committee therefore, consider that action on each of the remedial measures indicated above should be vigorously pursued, and that every failure on the part of the pilots and in the aircraft should be constantly watched with a view to taking effective measures to check all such failures

IV
TRAFFIC

A Volume of Traffic

87. A list of scheduled services in operation on the 1st January, 1956 is given in Appendix XII. Comparative figures of the traffic during 1955 and earlier years is given in Appendix XIV.

88. The figures relating to the number of passengers and the weight of cargo and mail carried by the Corporation during the last three years is given below

	1953-54 Aug '53 March '54	1954 55	1955 56
Passengers carried	287,122	477,583	500.363
Cargo carried in tons	37 784	50.256	53.856
Mail carried in tons		4,659	4,997

89. The capacity ton miles, the revenue ton miles and the load factor of revenue ton miles are as follows

	1953 54 Aug 53 March 54	1954 55	1955 56
Capacity ton miles produced	30,560,230	46,442,816	51,582.462
Revenue ton miles sold	20,814 069	32,389,522	36.396 902
Overall Revenue Load factor%	68 1%	70 6%	69 7%

90 The break up of revenue ton miles sold under passenger, freight and mail is as follows

Financial year	Services	Passenger ton miles	Freight ton miles	Mail ton miles	Total Revenue ton miles sold
August 1953 to March 1954	Scheduled	9514836	7031960	1603423	18150219
	Non Sch	N A	N A	N A	2890976
	TOTAL				21041195
April 1954 to March 1955	Scheduled	14869608	11258420	2748534	28876562
	Non Sch	1498261	1991057	23642	3512960
	TOTAL	16367869	13249477	2772176	32389522

April 1955 to March 1956	Scheduled	16274834	13836768	2984149	33095751
	Non-Sch	2040768	1250145	10238	3301151
	TOTAL	18315602	15086913	2994387	36396902

91. The revenue earned by scheduled services on account of passengers, freight and mail is given below

	1953-54 Aug 53-March 54	1954-55	1955-56
Passengers	2,39,36,564	3,65,92,550	4,39,66,703
Excess Baggage and Freight	93,53,497	1,51,06,069	1,85,78,788
Mail	46,44,149	77,71,416	86,42,038

Thus passenger traffic accounts for the major portion of the earnings of the Corporation

B Allocation of Space

92. The Committee were informed that the policy in regard to the allocation of space for passengers, mail and freight in all services is to make the allocation after taking into consideration the available revenue earning capacity and load (pay load) of the aircraft. The allocation may vary during the year depending on weather conditions as during bad weather additional petrol may have to be uplifted to cover diversion in cases of emergency. Space is ordinarily earmarked for mails on each service in the light of the requirements of the postal department. A margin is kept for the variation in the quantity of mails as they have to be given high priority in the matter of speedy transportation. Definite allotment is also made for regular consigners like news papers and freight. Thereafter passengers are given priority and seats are allotted taking into consideration the requirements of stations *en route*. The Committee have also been informed that on the passenger services, the endeavour is to sell the unused capacity by attracting as much cargo as possible; firstly on basic rates and secondly at bulk commodity rates wherever necessary or beneficial.

93. The Committee understand that there is among the travelling public an impression that very often passengers are denied accommodation while aircraft fly with many seats empty. On enquiry, they were informed that such cases arise only where the balance of the pay load available is taken up by mail and cargo. The Committee consider, however, that it is necessary to avoid giving such an impression to the travelling public. They would, therefore, recommend that at the airports there should be a device to display prominently the allocation of pay load among passengers, freight and mail, thus clearly indicating the capacity available and the extent to which it is booked.

C. Advertisement and Publicity

94. The volume of passenger and cargo traffic in the Indian Airlines Corporation in 1955 showed an increase of 8.1 per cent and 23.4 per cent respectively over that on 1953. The world trends in this respect as judged from the figures available regarding the international operation are 21.64 per cent and 25.77 per cent. While the increase in the Cargo traffic of the Corporation has kept pace with the international trends the increase in passenger traffic has not been equally marked. The Committee feel that with growing industrialisation in the country considerable scope exists for increasing the passenger traffic in the internal services. For this purpose, energetic steps should be taken by the Corporation to popularise air journeys. In this land of vast distances where journeys by surface transport between important business centres take a very long time, there is considerable scope for encouraging air travel among the travelling public, especially those in high income groups, those travelling on commercial and Government business, tourists and foreigners etc.

95. The Committee feel that the advertisement and publicity programme of the Corporation is meagre. The Corporation apparently considers it unnecessary to project itself into the eyes of the public all the time since it has the monopoly of scheduled air transport service in the country, an attitude which is indeed

regrettable. The Committee are convinced that the air traffic potential in the country has not been adequately tapped by the Corporation. Even among the class of people who can afford air travel, there is an element of conservatism which it is necessary for the Corporation to overcome through its salesmanship. Being solely incharge of the scheduled air transport service in the country it is the responsibility of the Corporation to make the travelling public more and more air minded. The Committee find that the Corporation's expenditure on advertisement and publicity is only ½% of its revenue. The Air Transport Enquiry Committee considered that an expenditure of one per cent of revenue was justified for a well planned publicity campaign. The Committee would suggest that advertisements and publicity programmes of the Corporation should be given a further impetus and an expenditure up to one per cent of the revenue should be considered a worth while investment for attracting more traffic. In the matter, the Indian Airlines Corporation should follow the example of the Air India International Corporation as far as the standard of publicity and propaganda are concerned. For this purpose the Corporation would do well to utilise the machinery available with the Air India International Corporation for designing and organising publicity.

96. In this connection, the Committee notice that a commission of 5 to 7 per cent is given to the travel agents on passenger tickets booked by them. The Commission for cargo booking is 2½ to 5 per cent. The total amount paid as commission in 1955-56 is Rs. 20,35,175. At the time of nationalisation the number of travel agents recognized by the Corporation was over 60, but the system has since been rationalised and the number has been brought down to nearly half the number. The Committee were informed that no quota of seats is earmarked for the travel agents and, therefore, the question of seats being locked up does not arise.

The Committee however, feel that the expenditure incurred by the Corporation by way of payment of commission to the Travel Agents is quite large and should be capable of reduction. They

would, therefore, recommend that the number of approved Travel agents should be gradually reduced further and restricted to those who mainly handle tourist traffic The Corporation should also reduce the rates of commission paid to the Travel Agents

97 The Committee came to know of occasional complaints that tickets are refused in the booking offices while they could be got through the agents They feel that the possibility of some of the persons in charge of the booking offices being in collusion with certain agents who are prepared to split the commission should not be over looked and that a strict watch should be kept to prevent such occurrences The Committee would, further recommend that there should be a periodical review of the recognition of travel agents and the number should be kept down to the minimum As far as possible there should be co ordination with the Transport Ministry to ensure that the leading air travel agents are also those who are recognised as travel agents for road and rail journeys

98 It has come to the notice of the Committee that on account of credit facilities extended to a travel agent, the Corporation incurred a loss of over Rs 2 lakhs The travel agent was once recognised by the I A T A and is said to have had established a reputation in India and was giving the Corporation over Rs 30,000 worth of business every month. On the 25th January, 1956 the proprietor, who was a foreigner, left India On that date the firm owed the I A C a sum of Rs 2,01,787-7 which had accumulated over a period of about eight months Attempts to recover the amount were not successful.

99 The Committee find that under the system prevailing then, the Agent had to account to the Corporation for the price of all transportation sold by him, as soon as possible after the end of each month or on the receipt of the Corporation's bill In the event of his failure to do so, the Corporation could stop his credit facilities forthwith without prior notice But in the case under reference the Agent did not settle his account and the Corporation also did not

raise the bills monthly No action was taken to stop the credit and the amount was allowed to accumulate over a period of eight months .

100. The Committee find that no action has yet been taken to fix responsibility for this failure which entailed a heavy loss. They consider that an immediate enquiry should be instituted in order to fix responsibility for this failure and to take suitable action against the officials of the Corporation who were responsible for the loss.

After the incident the agreements with the Agents have been revised and now bank guarantees or bonds are taken from them. Also fortnightly settlements have been provided for The Committee consider that in addition the Corporation must ensure that settlements are actually made when due and that accumulations are not allowed under any circumstances.

D Cargo Traffic

101. The extent to which cargo may be offered for transport by air would depend on a number of factors such as the inconvenience of surface transport, the circuitious nature of the surface connections between two points and the existence of a highly developed industrial technique requiring air transportation to gain time. This competitive feature cannot be completely ignored particularly for cargo, which will take to the cheapest mode of transportation wherever possible The conditions, therefore, are different from those of passenger traffic where there is a bigger emphasis on personal convenience, ease and comfort in travel. It may not, therefore, be possible to operate freighter services in all the areas where the Corporation has extended its passenger services. Bulk movement of freight on a large scale takes place in the Bengal, Assam and Tripura areas due to the peculiar nature of the terrain and geographical location of these areas *vis a vis* the rest of India. In other areas freight traffic is accommodated on passenger service. The Committee

feel that even in those areas it is possible to increase the volume of freight traffic by taking suitable measures. There are special schedules of rates for perishables like fruits and vegetables and also for articles in bulk. The Committee feel that adequate publicity for the availability of such rates has not been given and merchants may not be taking advantage of such rates, being ignorant of their existence.

102. The Committee are informed that each Station Head is expected to study the traffic potential in his area and to make a report to the respective Traffic Managers at the area Headquarters. The Area Traffic Managers review the regional traffic trends every month and forward a report to the Chief Traffic Manager at headquarters with such recommendations as they feel necessary with regard to the changes in tariffs, schedules and frequency of services. The Committee feel that this procedure is inadequate as in the nature of things, the Station heads will not be able to make a really intensive study of the traffic potential in their entire region. They would, therefore, recommend the appointment of Regional Councils to which representatives of local trades and prominent citizens of the locality should be appointed. The authorities should discuss with the Council the ways of increasing the traffic from the area. Such Advisory Councils should also discuss methods by which the Corporation's services could serve the regions better.

103. The Committee suggest that the problems of freight traffic over areas where bottlenecks occur in Railway Transport as for instance at transhipment points, may be studied with a view to finding out if certain types of cargo could be conveniently and economically transported by air over such areas. For this purpose the Chambers of Commerce representing the trades affected by the bottle-necks at the transhipment points may be contacted to explore the possibilities of introducing freighter services over such areas.

Even as regards the movement of perishables like fruits and vegetables, the Committee feel that more traffic could be attracted by the Corporation by keeping very close liaison with the trade

interests dealing in such merchandise. With proper publicity, the Corporation should also be able to attract parcel traffic on private account.

E. Traffic Surveys

104. The Committee notice that the Corporation has not introduced a system of regular traffic surveys as exist in the case of Railways. They feel that a systematic review of the traffic potentialities of every region should be conducted. The present procedure by which the Station Heads are expected to make a general survey of the potential traffic is not likely to lead to satisfactory results. The survey has to be a special one and should be done by a competent Traffic Officer with experience in the work. The Committee would suggest that the Corporation may obtain the services of an experienced officer of the Railways to conduct their traffic surveys until some of their own officers are trained to do the work competently. The results of such surveys would facilitate a reorganisation of the route pattern.

F Convertible Aircrafts

105. The Committee understand that one of the difficulties in introducing air freighter services is the problem of unbalanced directional loads. It is understood that certain foreign countries are experimenting with a convertible passenger freight aircraft which have flexible internal arrangements by which the main passenger cabin remains intact and does not suffer from the inevitable wear and tear of conversion, while at the same time the ability of the plane to carry full pay load with varying proportions for cargo and passenger traffic is also ensured. The Committee suggest that the Corporation should study these developments with a view to deriving the utmost advantage from such modern developments.

G. Quality of Service

106. The Committee feel that the Corporation should devote special attention to the quality of service to passengers with a view

to making air travel attractive and pleasant. The Corporation should keep a watchful eye to ensure that the passenger treatment and service, which have become the characteristics of air transport business all over the world, are not found wanting in the domestic air services of this country. It is necessary that there should be a complete realisation on the part of every Member of the Corporation that he belongs to a service organisation. The Committee would, in this connection, quote what has been said generally about the airline organisation : Too often airline personnel tend to relax into the profound enjoyment of running in airline for the sake of our technical accomplishment. Most agents like to dispatch airplanes, most mechanics like to work on airplanes, most pilots like to fly airplanes, most engineers like to modify airplanes - but in a well organised and well disciplined airline the agents give courteous passenger service with a smile and dispatch the airplanes on time, the mechanics work on airplanes at times which will not keep the planes from passenger service except when necessary, pilots fly the airplanes for maximum comfort to the passengers, and engineers modify the airplanes to give the passenger maximum safety and comfort.'

The Committee consider that efforts to improve the standards of courtesy and helpfulness on the part of the staff of the Corporation towards their clients, the standards of cleanliness and upkeep in the aircraft as well as in the stations, the quality of food served in the planes as well as in the canteens, should not be slackened.

In this connection, the Committee would draw attention to the fact that the quality of food served by the Indian Airlines Corporation in the planes as well as in the canteens requires considerable improvement. They would, in particular, refer to the vegetarian food, which has been found by many passengers to be of very poor quality.

107. The Committee understand that the Air India International has put up 'Suggestion Cards' in the planes for inviting

suggestions from passengers. There is a permanent Committee to examine every little suggestion that is received. Every department examines the suggestion in so far as it is concerned and puts up to the management every fortnight, a report as to what they propose to do and what action should be taken. The Indian Airlines Corporation is also said to have introduced a system of suggestion cards. The Committee would recommend that the Corporation should also have the suggestions examined by a Committee at frequent intervals. When the Advisory Committee is appointed they could also be consulted on the various suggestions made.

108. The Committee were told, in this connection, that the Corporation undertook at the beginning of this year a sample survey of inviting suggestions from travelling public However in the form devised for the survey, the passengers were merely asked to indicate 'Good', Satisfactory or Poor against the various services. It is further understood that even after conducting the survey, there has been no analysis of the information collected by this survey. In the circumstances, the Committee feel that the survey could not possibly have led to any useful results.

H Time Table

109. The Committee were informed that while framing time tables for the flights, passenger convenience is taken as the main criterion, subject to operational convenience. The need to provide possible connections to facilitate through carriage of passengers, freight, and mails, is said to be kept in view. It is understood that the problem is not easy but that considerable headway is made by readjusting the timings of flights. The question of maintaining a liaison with the Railway Authorities has also received attention and the Corporation offices at Delhi, Madras, Bombay and Calcutta, have held some preliminary discussions with the Railway authorities at the Centre with a view to assessing the quantum of traffic which would be exchanged at these points and to provide co-ordination between the two systems as part of the long term policy. The Com-

mittee, however, observe that there are a number of instances where flight timings are very inconvenient to passengers. Certain services from Bombay leave very early in the morning and Bombay being a city of vast distances, the passengers travelling by those services have to get prepared and leave their residences at very inconvenient early hours of the morning. The Committee recommend that in all such cases the relative advantage of providing connections to through passengers with special reference to their number, should be weighed against the inconvenience caused to the other passengers. Also in the case of connecting services the question whether it is the only connection or there are other connections should also be considered. The Committee recommend that a comprehensive review of flight timings of all the services should be undertaken to minimise inconvenience to passengers

l Fares and Freights

110. The fare and freight structure that is in force in the internal services of the Corporation is practically what the Corporation inherited from the previous airline companies The Committee were informed that the revision of fares and freight was under consideration and that the question was referred to the Air Transport Council in September, 1955. The report is expected to be ready by the end of December, 1956. It is understood that the Council had issued a detailed questionnaire and elicited the opinions of representative interests from various parts of the country Since the matter is under the consideration of the Air Transport Council, the Committee do not desire to discuss this question in detail and would confine themselves to some general observations.

111. The Committee understand that previously airlines used to compute the fares on the basis of the instructions given by the Air Transport Licencing Board which allowed the airlines freedom to fix fares between 3 to 4 annas per passenger mile. With the prior approval of Government they could fix fares upto 2½ annas or even over 4 annas. The companies, therefore, fix the fares according to

what the traffic could bear on each line. The Committee find that this has resulted in great anomalies which continue even now. The distances between certain stations and the passengers fares at present existing are given below:-

Bombay Bhavnagar	189 miles	Rs.60/-
Jodhpur Ahmedabad	223 miles	Rs.50/-
Bombay Keshod	224 miles	Rs.63/-
Delhi Jodhpur	224 miles	Rs.75/-
Bombay Rajkot	285 miles	Rs.75/-
Delhi Amritsar	260 miles	Rs.65/-
Bhopal Aurangabad	305 miles	Rs.65/-
Mangalore Belgaum	204 miles	Rs.65/-

The Committee feel that that fare structure should not be so arbitrary and that the fares should be fixed, on some standard basis, whether it be a uniform rate based on distance or a telescopic rate.

112. The Committee feel that in deciding on the fare and freight structure a realistic view of the situation regarding the economics of the airlines operation in this country should be taken and that the fares and freights charged should bear a reasonable relation to the cost of economic and efficient air transport operation. They understand that the fares and freights that prevail in this country are the second lowest in the world, only Australia having lower rates. Even though the load factor achieved is nearly 70 per cent, and compares favourably with operations elsewhere at the present rate of freights and fares, the break-even load required is 82 per cent. These are considerations which the Committee hope will weigh with the Air Transport Council while they arrive at their decisions.

113 The Committee have recommended in their Forty First report that the question of mail rates paid to the Corporation should also be referred to the Air Transport Council.

J Free Baggage Allowance

114. At present, the weight of baggage allowed free with every passenger is 44 lbs. The Committee feel that in fixing these weights, due consideration has not been given to the special conditions in this country in which a traveller finds it necessary to carry

more belongings than is usually done by a traveller in the western countries. They believe that, to a considerable extent, this acts as a deterrent on the prospective air passenger and that if the limit is raised more traffic will be attracted. Any incidental reduction of earings under excess baggage may be more than compensated by the increased revenue resulting from the additional traffic attracted by this liberalisation. The Committee, therefore, recommend that the limit for free baggage allowance may be increased from 44 lbs. to 50 lbs. (or from 20 K.G. to 22.75 K.G. in the meteric system)

K. Concessional fares

115. Some of the foreign airlines have introduced special fares and discounts such as Special Event fares, Off-Season fares, Inclusive Tour fares and Discount, Common Interest Group, Travel Discounts and Mid Week fares. The Committee feel that sales promoting fares could be usefully introduced in the domestic services. They recommend that a careful study of seasonal traffic variations over the various routes should be made and suitable concessions should be introduced to promote traffic in order to fill up available capacity without necessarily lowering the general level of fares. It should be possible during off-season to introduce concessional fares both for passengers and goods Eventually, should traffic justify it, the question of introducing, extra services and of incidentally improving air craft utilisation might also be considered.

L. Credit Facilities and Bulk sales.

116. The Committee would refer to the question of the introduction of certain types of credit facilities for passengers. They understand that the Corporation has decided to extend credit facilities to Government servants, since they have been directed not to use the services of the Travel Agents, who used to extend credit facilities. They were also told that credit facilities could be extended by the Corporation to private individuals also. The Committee appreciate that an extension of the system of credit facilities unless done very carefully is fraught with great risk. They feel, however, that at least a system of sale of travel coupons such as those provided by the Railways formerly to commercial firms could

be introduced by the Corporation. Business houses of repute, credit-worthy institutions, departments of Government and prominent individuals could be provided with such coupons for air travel.

The Corporation may also consider the sale of air travel in mileage blocks to business organisations. Many business organisations whose executive have to make fairly frequent journeys by the Corporation's services may like to enter into a bulk mileage contract. The Corporation may also consider the question of allowing reasonable discounts on the purchase of bulk air travel. At the same time, precautions should be taken to prevent misuse of any such special privileges.

M. Reservations

117. In an air transport Company, booking service is an activity which must be continually improved in the interest of efficient passenger service. The reservation procedure is an important means not only to satisfy the travellers' demand but to maintain a high load factor in passenger operations by ensuring that saleable space is used to the greatest extent possible. The Committee understand that the Corporation has a procedure for allotting seats to stations other than those from where the services commence. Reservations of such nature are generally done by teleprinters and wireless telegraph channels. But only a few places like Bombay, Calcutta, Nagpur and Madras are connected by the teleprinter system. When neither the teleprinter system nor the wireless telegraph channel is available, the passenger has to pay for ascertaining the information by telegram or telephone. The Committee feel that the present system of sector allocation as well as the unsatisfactory communication system results in the loss of saleable space and therefore, suggest that it should be improved upon to the extent possible in such a way as would minimise the loss on this account. They also recommend that wherever wireless channels are available, the Corporation should be enabled to use them to the maximum extent for the purpose of communication between stations to effect reservations and regulate sale of space for passenger and freight.

N. Priority Seats

118. The Committee understand that certain priority seats are held by some of the State Governments over certain services, but that they are not used regularly. Since the unused seats are released only a few hours before the scheduled time of departure, no booking can be done for many of those seats. While it may be necessary for facility of Government business to continue the allotment of priority seats, the Committee consider that it is only fair that the Corporation should be compensated for the consequent loss that it may incur. They suggest that the feasibility of levying service charges in return for allowing priority reservations may be considered.

O Cancellations and Refund

119. The rules of the Corporation provide for the levy of cancellation charges at certain rates. If the cancellation is 48 hours in advance of the service for which it was bought, a service charge of Rs 41 is levied. If the cancellation is 24 hours in advance but within 48 hours, 5 per cent of the single fare subject to a minimum of Rs. 4/- is deducted as cancellation charges. If a ticket is cancelled less than 24 hours but more than 12 hours before the departure of the plane, the deduction is 10 per cent of the single fare; and within 12 hours of the journey but more than 15 minutes before the time of departure (in the case of internal services) the charge is 25 per cent of the single fare subject to a minimum of Rs. 4/-. The annual income of the Corporation on account of cancellation charges is about Rs. 3 lakhs. The rules provide that the Chairman or the Chief Traffic Manager may at his discretion waive the cancellation charges, but it is understood that this discretion was exercised on very few occasions.

120. The Committee examined the complaint that at times difficulties are experienced because the Station Heads do not have adequate powers to make refunds on unused tickets. They were,

however, assured by the representatives of the Corporation that the Station Heads had powers to make refunds, subject to the Cancellation of Ticket Regulations where, tickets are purchased against cash. Only when tickets are bought on credit and payment made subsequently but before the notice of cancellation, delays could arise in obtaining refund. The Committee recommend that the matter may be further examined to see if further delegation of powers could be made to the Section Heads to make refunds even in such cases.

121. The Committee also observed that in certain places the personal attendance of the passenger is insisted upon for taking the refunds. The Committee were informed by the Corporation that the rules provide that either personal attendance or a letterof authority is necessary. They consider that since neither personal attendance nora written request is necessary for the purchase ofa ticket, it is meaningless to insist on either of these for making the refund and that it should be possible to make the refund after deducting cancellation charges simply on production of the unused tickets, as is done by the Railways.

122. Under Rule 10 of the Indian Airlines Corporation Cancellation of Ticket Regulations, 1956, transfer of reservation to an earlier date is done free of charge. As regards transfer to a later date nomal cancellation refund rules apply. The Committee, however, feel that there is a scope for liberalisation of the rules in this respect. They recommend that if the transfer to a later date is effected up to 24 hours prior to the scheduled departure of the plane for which the original reservation is made no cancellation charge should be levied.

P. *Transferability of tickets*

123. Air travel is very often necessitated by an urgency to proceed to a place for a particular business. Under the present rules, if a person who has bought the ticket is unable to travel and desires to send his representative, he finds it impossible to make the arrangement. While his seat could be cancelled, there is no assurance that his representative would find a seat. The Committee

feel that the question of providing a limited transferability of the air ticket should be considered. For instance, it may be possible to give an air ticket in two or more names marked either/or, the passenger having to declare his name when he reports at the airport.

Q Passenger insurance

124. As regards passenger insurance, the Committee understand that so far as international services are concerned, the Warsaw Convention fixes legal liability on the international air transport companies for an amount of 120,000 Gold franks in respect of each passenger. But this liability does not extend to the domestic airlines. The Committee consider that the matter of providing insurance cover to the passenger should be considered by the Corporation The fear has been expressed that introduction of compulsory insurance may give an impression to the public that the safety factor has gone down But the Committee feel that the safety factor would be judged by the travelling public not by introduction of compulsory insurance but by other independent means They feel that it would be advantageous if there was a system by which on payment of a certain sum to the Corporation the passenger would be deemed to be covered by an insurance. The Committee recommend that this question be considered in consultation with the Life Insurance Corporation and a suitable system evolved in consultation with the insurers to provide for a certain cover for every passenger.

R Accuracy of weighing Machines

125. It is understood that the weighing machines used at the various stations are at times found to be not showing unformly correct weight. The Committee recommend that a review should be made of the accuracy of all the weighing machines used by the Corporation and that they should also be periodically checked for their accuracy.

S Passenger Facilities at Nagpur Airport

126. The Committee discussed with the representatives of

the Corporations the matter of providing facilities for rest and relaxation to passengers travelling by the night airmail services and who have to wait at the Nagpur airport for the connecting services. While appreciating the difficulties in providing retiring room facilities for all the passengers using the airport during that period, the Committee feel that it should be possible to provide at least sufficient number of seats of the slumberette type at the airport so that passengers may be seated and feel relaxed while they are waiting. The Committee recommend that early steps should be taken to introduce this amenity to the passengers. The Committee are glad to note that since their discussion, the Corporation has also made arrangements for having some Cinema shows for the passengers who are waiting for the services.

V

ENGINEERING

A *Organisation*

127. The Corporation's Engineering Organisation is headed by the Engineering Manager at the Headquarters At the three Area Bases. Bombay. Calcutta and Delhi, there are workshops for overhaul and maintenance There is an overhaul unit at Hyderabad sub base under Bombay Area. Smaller maintenance arrangements are made at Madras. Nagpur. Bangalore. Colombo, Karachi. Srinagar. Rajkot and Kathmandu.

128. The Bombay base is responsible for the maintenance of 16 Dakotas. 7 Vikings. 2 Herons and 1 Skymaster. Overhaul of 32 Dakotas aircraft per year is carried out at Begumpet. Hyderabad under its jurisdiction.

129 Calcutta base is responsible for the maintenance of 6 Skymasters. 34 Dakotas and 1 Viking. It is also proposed to overhaul there 6 Skymasters on a progressive basis This base is also responsible for overhaul of 96 P&WR 1830 Engines and 76 R-2000 D'5 engines per year.

130 At the Delhi base maintenance work in respect of 14 Dakotas. 2 Vikings and 5 Heron aircraft is done in addition to the work on 1 Skymaster aircraft operating the night airmail services from Delhi. Overhaul of 12 Vikings and 8 Heron aircraft as also that of 70 P&WR 1830 engines and 49 Hercules engines is done in this base

131. In addition to this overhaul and maintenance arrangements at the workshops of the Corporation, the H.A.L. does overhaul of about 36 Dakotas and also 100 P&WR 1830 and 72 Gipsy Queen 36 Engines per year.

B. *Separation of Bombay Workshop*

132. At the time of nationalisation, the Air India Ltd. and Air India International Ltd. had a common workshop at Bombay. On

the establishment of the two Corporations the workshop was taken over by the AII Corporation, after segregating items which pertained to the maintenance and overhaul of aircraft taken over by the IAC. The IAC does not, therefore, have a workshop at Bombay but has only maintenance facilities with supporting ancillary shops. The Committee understand that there was no advantage in continuing to have a common arrangement since the types of aircraft used by the Corporation are entirely different and the AII Corporation needed all the capacity at Bombay since they were rapidly expanding.

When the separation of the Bombay workshop was effected, all the Viking overhaul work was shifted from Bombay to Delhi, where work on Vikings owned by the Indian National Airways Ltd. was previously being done. The Committee have been assured that except for the additional manpower, it did not cost anything addi tional to do the overhaul work at Delhi.

C. *Location of Workshops*

133. The Committee examined the criticism that the locations of the workshops of the Corporation are not ideal from the points of view of economy and efficiency. Of the three workshops, two namely, Delhi and Hyderabad, are very much in the interior and away from the seaports and the fear has been expressed that the cost of movement of imported spare parts from seaports is consider - able. On the other hand, the Corporation holds the view that it had to consider the question from the point of view of facilities that already existed when it took over and had to do the best in the circumstances. It could only rationalise the workshops according to the the tools and oquipment available and according to the manpower already employed on the job. While the Committee do not doubt that the Corporation has reorganised its workshops as well as it could on the basis of the situation that existed at the time of nationalisation, they feel that at the time when large-scale expansion has to be thought of, there should be a comprehensive review of the location and rationalisation of workshops. They therefore recommend that a

committee of experts should carefully consider the matter and advise the Corporation regarding the location, reorganisation and development of its workshops. The services of an expert engineer who has experience of the organisation of airline workshops may also be obtained under one of the technical aid schemes for this purpose. In this connection, the Committee feel that plans for location and developments of workshops of allied industries should also take into consideration the total needs of the country in respect of that entire industry. For instance, in planning for the airlines workshops, it may also be taken into consideration to what extent they could be planned to be of service to the defence aircraft also.

D. *Rationalisation of Workshops*

134. The Committee understand that to the extent possible there has been a rationalisation in the existing workshops. For instance, while work in respect of the Skymaster is concentrated at Calcutta, Vikings and Herons are handled at Delhi, Dakota overhauls are done at Hyderabad. While the Viking engine is overhauled at Delhi, engine overhaul of Skymasters is done at Calcutta and the Dakota engine overhaul is shared between Delhi and Calcutta. The HAL does the overhaul of 36 aircraft and about 100 Dakota and 72 Heron engines per year for the IAC. The Committee understand that this work has been entrusted to the HAL because they had surplus capacity and it was intended to use it.

E. *Relationship with HAL*

135. The Committee were assured that frequent consultations took place between the Corporation and the HAL in respect of the work of the IAC work done in the workshops of the latter. They feel however that the time taken for overhaul and repairs at HAL, could be further reduced if there was better understanding of mutual difficulties and if certain procedures were strictly observed. The Committee were assured that close co-ordination was maintained

and the authoritis of both the Corporations were anxious to co-operate to the utmost. They suggest that a review of the existing procedures should be conducted with reference to the difficulties experienced by the Corporation as well as by the HAL and a suitable procedure evolved having in view the main object of cutting out delays

F. *Aircraft Grounded*

136. The maximum number of aircraft grounded at any one time for Certificate of Airworthiness etc. since 1st January is given below:-

Under Certificate of Airworthiness overhaul	16
Under Engine Change	2
Under 1200 hrs inspection	1
Under repairs	1
Under Turbine inspection	1
Awaiting spares	1
Total	22

G. *Standard of Maintenance*

137. This is out of a total operative fleet strength of 90 aircraft and works out to nearly 25%. The Committee consider that this requires serious attention. The C of A overhaul is required to be done for each aircraft at intervals of one calendar year. The Committee feel therefore, that it should be possible by means of some re-adjustments to ensure that not more than one twelfth of the fleet is under C of A overhaul at a particular time. Further, better attention could also be paid to preventive and corrective maintenance so as to reduce the number of aircraft under repair. The Committee suggest that the engineering schedules and procedures should be tightened up to achieve greater efficiency and to ensure that the fleet is available for utilization to the maximum extent at all times.

138. The importance of aircraft maintenance is not exceeded by any other phase of airline operation. It directly affects the reliability, reputation and economy of the airline. Maintenance relates to items directly affecting airworthiness of the aircraft or the appearance and serviceability of equipment as well as to items not directly related to airworthiness. But a passenger who cannot discern the qualities of aircraft airworthiness can judge the standard of maintenance of the engines, structural parts and accessories only by the standard of maintenance of the equipment meeting the public eye. An operator cannot, therefore, dissociate items relating to airworthiness from those of less importance from the point of view of operational reliability. There can be only one standard of maintenance whether the item is related to air safety or not. The Committee therefore recommend that special attention should be paid to this matter of appearance whether it be the outside of an aircraft or its inside, *e.g.* its upholstery, its seats and walls, its cleanliness etc.

VI

STORES

A. *Introductory*

139. The Air Transport Enquiry Committee found in 1950 that an important defect of the aircraft in industry in this country at that time was the over-equipment of the Companies. There was a spirit of intensive rivalry and in its anxiety to secure as many licences as possible each Company set about equipping itself to the extent its financial resources permitted. The situation also was such that huge quantities of spares, were readily available in disposal stocks. The Enquiry Committee found, in particular, that the Air India Ltd., had laid in stock a large quantity of Dakota spares mainly because it had been warned by Government that the disposal organisation would either scrap the unsold spares or sell them to others and those who needed Dakota spares should purchase and store for the future also.

B. *Disposals*

140. When the Corporation took over the undertakings of the Air Transport Companies, it took over large quantities of stocks valued at Rs. 1,24,00,000. The Committee understand that a complete inventory of all the stores taken over from each airlines had been prepared and all the items which could not be repaired even at a cost of 50% of the original value was declared as 'scrap'. The other stores were marked as 'good', 'bad', or 'repairable'. From the statement made by the representatives of the Corporation before them the Committee are not satisfied that adequate steps have been taken to assess their usefulness properly, to separate the stores into different categories as serviceable, repairable, and unserviceable and to segregate the surplus. Also sufficient action does not appear to have been taken to dispose of the surplus stores and the scrap.

141. The representatives of the Corporation seemed to hold the view that just as the former private airlines were themselves disposing of by auction their surplus and unserviceable stores, the Corporation should also be allowed to continue that practice instead

of having to do it through the D.G.S. & D. The Committee consider that the Corporation as a Government sponsored body should take advantage of the existence of the Government organisation for disposals. For this purpose all scrap items which might fetch a negligible amount and which might not justify the payment of commission to the supply organisation may be separated and disposed of by auction by the Corporation itself. As regards the rest, as far as possible, the disposal should be arranged through the D.G.S. & D.

C. Survey of Stores

142. It was mentioned to the Committee that engineers were able to pick out a few items from the materials that were considered scrap, and to use them in some way or other. It was also mentioned that certain stores could not be disposed of as surplus, because they pertained to certain aircraft and could be better disposed of with the aircraft. The Committee feel that there should be a Survey Committee consisting of engineers and other technical personnel who would scrutinise the stores and consider which of them would be useful and which could be disposed of either by themselves or as part and parcel of the aircraft available for disposal. It is necessary that early action should be taken to dispose of all unnecessary stores. Apart from this, there should also be a regular procedure for periodically reviewing the stock, to repair all the repairable stores and to dispose of unnecessary and unserviceable stores.

D. Agency for Purchase

143. A statement showing the purchase of stores made by the Corporation during the period 1.8.53 to 31.7.56 is given in Appendix XV. The Corporation places orders directly on the manufacturers for British aircraft spares (Vikings and Herons). For American aircraft spares (Skymasters and Dakotas) orders in respect of items of recent manufacture, modified items, perishable materials and other proprietory items not available in surplus markets, are placed directly on the manufacturers. For other items available in surplus market, quotations are invited from registered suppliers. In

respect of items available with the Hindustan Aircraft Ltd., open orders are placed with them. Critical requirements are procured through the Corporation's purchase agents in United States and United Kingdom. Other engineering stores and items of proprietory nature are procured from the manufacturers or their agents in India. Other items are obtained by inviting quotations from abroad. General supplies like furniture, stationery, uniform etc. are obtained by inviting quotations from registered dealers in India.

144. The Committee would suggest, that the Corporation should consider the question of using, as far as possible the services of the Indian Stores Department in London and Washington. While articles of proprietory nature and critical requirements could be obtained directly, it should be possible for the Corporation to obtain its periodical replenishment through the Stores Department.

E. *Accommodation*

145. The Committee understand that adequate and suitable storage accommodation for all the stores of the Air Corporations is not available at all places. They have been assured however, that there is no considerable deterioration due to the stores lying in the open. It is understood that due to inadequacy of accommodation there is no proper binning arrangement, which has a tendency to affect the accessibility of a particular item when it is required. The Committee consider that necessary storage accommodation should be constructed as early as possible and grudging expenditure on this account would be false economy.

F. *Shortages*

146. It has come to the notice of the Committee that there have been cases of critical shortage of spares and there have been occasions when the holdings went down very much below the safety margin. It was stated that at one time due to unexpected intensive charter operations over a very short period a number of types of the Skymaster aircraft gave out and that one of the machines which happened to be abroad at that time brought the necessary tyres while

coming back. This was a case where the Corporation could have been seriously affected by the shortage. The Committee feel that the system of provisioning of spares should take into account not only the normal wear and tear but also special activities which the Corporation might be called upon to undertake and also the fact that there are likely to be delays in obtaining them, particularly at present there is heavy dependence on imports They recommend that the present system of provisioning should be reviewed and the stock pilling of rare, special and critical items, undertaken at an early date

G *Indigenous Manufacture*

147. The indigenous manufactures account for a small proportion of the total stores requirements of the industry. The Committee understand that a list of general spare parts like bolts, nuts, rivets etc. and their specifications and probable requirements for the next two years have been sent to the Indian Standards Institution with a view to manufacturing them in India. A list of aircraft parts which are considered suitable for the development of manufacture within the country has also been supplied to the Development Wing of the Ministry of Commerce and Industry. The Committee consider that apart from the efforts that the Commerce and Industry Ministry might make, the Corporation and the Director General of Civil Aviation should also take some initiative in the matter. They recommend that a conference of manufacturers who may be able to enter this field may be held under the auspices of the Communications Ministry. The Development Wing of the Commerce and Industry Ministry may also be associated with the conference. The Corporation should be able to interest the manufacturers in the stores requirements and the outcome of the conference should be helpful to the Commerce and Industry Ministry in processing the technical and practical aspects of the scheme with a view to developing such manufacture within the country.

The Committee would also recommend that an Equipment

Committee should be appointed by the Government to advise them on the more intensive utilisation of indigenous capacity for air transport equipments. Show-rooms may also be opened at important industrial centres for the display of representative samples of imported equipments as has been done by the Railways.

H. *Role of H AL*

148. The Committee would refer to the following recommendations of the Air Transport Enquiry Committee

> "We have seen that for the next five years we shall have to depend to a very large extent on Dakota aircraft for the operation of civil air transport services. The question of the supply of spares for this type of aircraft in adequate quantities thus becomes one of major importance. We understand that the Disposals stocks in India include a very great deal of Dakota spares. At the same time, it appears that there are a number of items, particularly those of a fast moving character, which are not available in India and have to be imported. We gather that such imports constitute about 25 per cent of the spares required. Of these, only about 10 per cent are available in other countries, particularly United States, from Disposals stock held there. We learn that an inter-Departmental Committee has been setup by the Government of India to examine the quantities and categories of Dakota spares now available with Disposals stocks in India to recommend to Government the items and their quantities which should be set apart and conserved for India's use in the future, the remainder to be sold or otherwise disposed of. It has been suggested to us that having regard to the importance of this subject, consideration should be given to the question of fabrication of some of the spare parts in India. We understand that HAL have already done some work in this direction to the extent of manufacturing parts exclusively for their own needs. We suggest that now that it is clear that for the next five years we shall be using Dakotas, suitable arrangements should be made for fabrication in India of such of these items as are likely to be in short supply. Having regard to its special position in this matter, HAL is the best organisation for this purpose. They might consider manufacture of these items under a system of licence from the Douglas Company".

The Committee regret to find that even though the recommendation was made in 1950, very little action on the matter has

been taken. They therefore recommend that an assessment should be made of the present position and after determining the types of aircraft spares that would be required in the future but which might become difficult to obtain the feasibility of manufacturing as many of them in the HAL or elsewhere in the Country should be explored.

I. *Difficulties in the clearance of imports*

149. The Committee have already made a reference in their Forty-first report to the difficulties experienced by the Corporation as a result of the cumbersome procedure for the customs clearance and assessment of duty on aircraft equipment imported by it.

VII

STAFF

A. Problems of integration.

150. One of the important problems that confronted the Indian Airlines Corporation immediately on its formation was the problem of the integration of the personnel of the different Air Companies. To enable the Corporation to take decisions on various matters a Committee, called the Services Committee, was appointed. That Committee had to make recommendations regarding the rationalisation of the pay scales for different categories of personnel and the formulation of a suitable wage structure. It had also to indicate the procedure to be followed in bringing the existing personnel on the approved new pay scales as well as the principles to be followed for determining seniority as between the personnel of the same category belonging to different companies doing more or less similar duties. The Services Committee had also to make recommendations in the matter of leave, holidays, Travelling Allowance rules, insurance facilities, bonus allowances, provident fund, gratuity, pension schemes, residential accommodation etc. It submitted its recommendations in August, 1954 after taking into account the previous practice in the several Companies before nationalisation, the current practice in private industries, the practice in Government and semi-governmental organisations and the views placed before it by different individuals and groups on behalf of the employees of the Corporation. On the basis of these recommendations the terms and conditions of employees have been determined by the Corporation.

151. There were, 3,035 appeals against the categorisation orders. Of these, 1,088 appeals were allowed. The Committee understand that the Chairman of the Corporation also discussed the matter with the representatives of the employees Union in February, 1956 and it was agreed that employees who might still have a genuine grievance as a result of the decision of the Appellate Committee

would be given a further opportunity for representation. They consider it necessary that a very early settlement should be reached on all these matters to enable the Corporation including all its employees to direct their undivided attention to the important problems facing it.

B. *Labour Relations Committee*

152. The Air Corporations Act provides for the constitution of Labour Relations Committee consisting of the representatives of the Corporation and of the employees to advise the Corporation on matters which relate to the welfare of the employees or which are likely to promote and secure amity and good relationship between the two. The Air Corporations Rules 1954 provide for the Committee to be constituted with equal number of representatives of the Corporation and of its employees, numbering not less than six and not more than twelve. The rules provide for a tenure of office of two years for Members of the Committee. The representatives of the employees on the Committee should be elected by the employees of the Corporation by means of secret ballot from amongst themselves working in the various units. The Committee has to hold meetings ordinarily at least once in two months. The functions of the Committee are purely advisory and the Corporation may or may not accept any advice tendered to it by the Committee. The Committee has been constituted only this year.

C. *Strength and Productivity*

153. The total numbers of employees in different categories at the close of the calendar year 1955 and on 30th June, 1956 are as follows :-

	1955	30-6-56
Operations.	1446	718
Traffic.	1970	1898
Engineering.	3327	3309
Accounts & Audit	1041	1158
Stores.	511	580
General Admn.	641	1661

154. The number employed by the Corporation rose by about 1280 during the year 1955. It has been stated that this was necessitated by the liberalisation of service conditions affecting man-hours of work; impact of the increased work load mainly in engineering and maintenance department consequent on quicker turn round and introduction of Heron and Skymaster aircraft, the centralisation of revenue accounts and the establishment of audit, costing and statistics departments on an effective basis.

155. The staff productivity figures as on 31st March, 1956 are as follows

1.	No. of staff as on 31.3 56	9302
2.	Capacity ton mile per employee per annum.	5545
3.	Revenue per employee per annum	Rs. 8,693/-

156. The Committee are aware that an accurate comparison in this matter with other airlines is not possible as the capacity ton mile per employee depends also on the route pattern, the size of the fleet, the extent to which maintenance and overhaul work is done by the Corporation itself and by various other factors. The Committee, would, however, refer to the following remarks of the Air Transport Enquiry Committee which compared the productivity of staff in the various air transport companies then engaged on scheduled operations. "Once more a very marked discrepancy was obvious between the productivity of staff shown by the figures based on total strength. As might be expected, the Company showing the lowest output in capacity ton-miles per annum per employee also showed the highest costs under most of the expense heads being dealt with in this section and the operator showing the highest C.T.M. per employee showed the lowest costs on practically all items. We feel that these results are of considerable significance although absolute values of C.T.M. per employee are not of great importance in themselves and it is difficult to relate them accurately to results obtained in other countries." On the working of Airways (India) Limited, the Enquiry Committee said "We are satisfied that the main

reason for the low costs is the close control exercised over the strength of staff, which has been kept at a level very closely corresponding to the output of the work of the Company as a whole. One important point which we noticed is that the proportion of skilled staff is higher in Airways (India) than in other companies. This seems to have enabled Airways (India) to get the maximum productivity out of its personnel. In the Corporation, staff productivity is admittedly low, which was also stated by its Chairman to be one of the reasons for the heavy expenditure incurred under overtime. The Committee recommend that every effort should be made to increase the productivity.

157. The Committee were informed by the representatives of the Corporation that staff strength had recently been assessed with reference to work loads and that orders were issued to the effect that no further recruitment should be made even if a post fell vacant, unless the proposals were accepted by the Financial Controller at the Headquarters. It was stated that assessment of the strength could not be made earlier as in the early stages of nationalisation the Corporation was engaged with the problems of integration and rationalisation. It was also stated that the result of the assessment since made was that there was no excess man-power as such, but that there were variations in the categories and that this could be ironed out only in course of time because it was a problem which the Corporation inherited from the companies. The Committee, however, notice that since 31st December, 1954, the staff has increased by 2217 which represents an increase of 32% over the staff strength on 31st December 1954. They cannot help feeling that large additions in staff have till now been made without any adequate planning. However, action has since been taken to regulate strictly recruitment in future.

D. *'Overtime' payments.*

158. The overtime payments including holiday pay and excess flying pay made to the staff during 1954-55 and 1955-56 are as

follows

Year	Amount
1954-55	Rs. 12,38,486.
1955-56	Rs. 19,16,677.

159. The Committee were informed that staff had to be employed on overtime because the output of the workers was below normal and arrears of work had to be cleared. Part of the overtime was stated to be on account of increased number of holidays as maintenance had to be carried out during the holidays on overtime. The Committee feel however that the position is not very satisfactory. They recommend that urgent steps should be taken to reduce overtime work to the minimum.

E. *Incentives*

160. The Committee would also recommend that the question of introducing piece work system of wages with bonus should be considered in order to ensure reasonable output and to encourage workers to show increased output.

Unlike the Air India International, the Indian Airlines Corporation has not instituted any system for rewarding its employees for good suggestions. The Committee recommend that such a system should be introduced and should be given wide publicity among the staff.

F. *Expenditure on Welfare*

161. The Committee understand that the total expenditure of the Corporation on staff welfare services including canteens, medical and other services amounted to Rs. 1,95,000/- for the year 1955-56. The total expenditure on staff welfare works out to about 2 per cent of the overall expenditure of the Corporation not taking into account the free air passages which may amount to about Rs. 5 lakhs each year. The sum expended amounts to an average of Rs. 21 per head per annum. The Committee consider that this is quite low and

it should be the aim of the Corporation to spend increasing amounts on staff welfare activities.

G. Crew Utilization.

162. Regarding flight crew utilisation, the Air Transport Enquiry Committee made the following recommendations..

The Committee noted that crew utilization has in some cases recently been as high as 130 to 140 hours flying in a month although the normal average in India at present appears to be 90 to 100 hours The I ndian Aircraft Rules do not at presen specify any upper limit to the amount of flying which may be done within a specified period by flight crew members, but Rule 42(2)(iv) requires medical examination on completion of 125 hours in the capa city of pilot within any period of thirty consecutive days. However in certain other countries definite limitations on flight time are prescribed . . . . . The Committee believes that such regula tions of permissible flying time has been adopted by several other important countries on sound medical grounds, having regard particularl y to the insidious effect of flight fatigue which may delay a pilot's reactions in response to an emergency such as engine failure during take-off, occurrence of fire in flight, or any similar situa tion demanding immediate and accurate mental analysis and decisive action in order to preserve safety. We believe that some such limita tions should be adopted by the Director General of Civil Aviation in the interests of safety, though we understand the International Civil Aviation Organisation has not so far prescribed any limitation on maximum flying hours for crew members. We accordingly recommend that the flying hours of pilots should be limited to 1000 hours per year, following the practice in USA and Australia. . . . . We are informed that on overriding limitation of 1000 hours flying per year leads in practice to an average utilisation of all crew members of about 900 hours per year, corresponding to 75 hours per month'.

163. The Committee were informed by the Director General Civil Aviation that the limitations recommended by the Air Transport Enquiry Committee as well as by the Master Committee have

not been imposed by regulation as by and large the pilots association was against any statutory restrictions on the amount of flying to be done. They understand that the overall actual flying done at present in the Corporation is below 80 hours a month and about 800 to 900 hours a year They are also assured that it is very rarely that a pilot flies more than 1000 hours a year, but the statutory restriction regarding medical examination after 125 hours still continues. The Committee feel that the matter should be considered afresh and that the attraction of overtime wages should not be allowed to prevail over considerations of health of the aircrew and the safety of passengers. They therefore, recommend that the question of introducing statutory limitation as recommended by both the above mentioned Committees should be reviewed at an early date.

164. The Committee understand that wide disparities exist in the flying hours of different pilots and that it is due to the fact that pilots of particular types and endorsements are not available. Also owing to a shortage of pilots, the Corporation has not been able to get sufficient number trained. The Committee feel that this situation should be remedied as early as possible. Also a very careful system of scheduling the pilots should be adopted so as to use the specially trained pilots on the special types of aircraft and routes of special difficulties.

H. Morale

165. The Committee would like to make a reference here to certain recent happenings which seem to have affected the smooth relationship between management and the pilots. In the beginning of August, the Corporation was approached by the Ministry of External Affairs to undertake supply dropping in the NEFA area. The total volume of supplies to be dropped was 8,500 tons. Out of this IAF was to do 3,500 tons, the non-scheduled operators 1,500 tons, and the Corporation was required to do the balance of 3,500 tons. When instructions to this effect were sent to the Calcutta area, the pilots and Radio Officers passed a resolution

to the effect that the operations were extremely hazardous. that the pilots of the Corporation were not trained for the job and that the Corporation should withdraw from the commitment Following this there were certain clarifications and orders from the Headquarters which are understood to have been challenged in a petition filed in the Calcutta High Court seeking to set aside the orders Since the matter is *sub judice*, the Committee do not wish to discuss it.

166. The staff of an air line company consists mostly of intelligent and educated men and women possessing knowledge, experience and ability The Committee do not see any reason why differences of opinion between the management and the staff cannot be settled by methods of reasoning and discussion. It should be the constant endeavour of both the Management and the Staff to maintain a happy mutual relationship. The are engaged in a great national enterprise and their interests are common and not mutually exclusive. One of the greatest assets of the Corporation is the morale of the Staff and no effort will be too much to keep up and improve that morale. Officers in authority should keep personal contacts with those who have to be guided and organized by them, understand their problems and difficulties and infuse confidence in them. The staff should on the other hand realise their responsibilities and cooperate to the utmost so that the nation may reap the benefit of their services

VIII

TRAINING

A *Need for emphasis.*

167. While referring to accidents, the Committee have already pointed out in para. 85 of this report that the major cause of accidents, according to the findings of the various Enquiry Committees was invariably pilot error. An analysis of the different types of the pilot errors that were responsible, with or without other contributory factors for different accidents that took place in the recent past is given below

1. Failed to maintain proper look-out.
2. Permitted to drift into furrows on the side of the runway.
3. Airborne in semi stalled condition.
4. Took off with auto-pilot on.
5. Delayed and/or insufficient corrective action.
6. Lost control after becoming airborne under IFR conditions
7. Failure to exercise enough vigilance.
8. Checked too high.
9. Wrong corrective action after the aircraft had ballooned.
10. Overshot runway in attempting to land under conditions of extremely poor visibility.
11. Heavy application of brakes.
12. Landed off runway
13. Low flying.
14. International spin and insufficient height allowed for recovery
15. Opened altitude control
16. 'Dropped' port wing when landing under calm weather.
17. Quick landing
18. Starting without placing checks and without anyone at the Controls.

19. Misjudgment of the approach.
20. Take off without obtaining clearance.
21. Failed to retract undercarriage.
22. Followed a wrong railway line.
23. Landing under conditions of rain.
24. Stalled the aircraft from a considerable height.
25. Navigational error.
26. Taking off under adverse conditions.
27. Descending under low temperature conditions without the use of carburettor heat.
28. Take off without checking fuel in the tanks.
29. Struck telephone wires.
30. Inadvertently switching off the engine.
31. Failed to determine the wind direction while landing.
32. Pulled the right hand pitch lever back instead of retarding the throttle.
33. Slipping into the ground in the course of a steep turn to the port.
34. Misjudgment of altitude while landing.
35. Faulty technique caused propeller to hit the ground.
36. Was not aware of the position of a mechanical indicator on the floor of the cockpit.

168. The Committee feel that the causes of most accidents cast an unfortunate reflection on the training of pilots. The Air Transport companies all the world over place a very great importance on the training of their pilots, Radio Officers and Engineers. The Committee understand that such training not only includes conversion training on the various types of aircraft but also includes refresher courses and periodical checks to ensure that the pilots retain the efficiency necessary for the flights for which they are to be engaged.

B. *Technical Committee's recommendations.*

169. The Corporation appointed in August, 1938 a Technical Committee among whose terms of reference was to make recommendations for organising training bases and training procedure. That

Committee submitted a preliminary report in November, 1953 recommending immediate training facilities at each operational base to ensure high professional standards necessary for operating with the greatest possible safety, efficiency and regularity. The set up of a Central Training Establishment was also recommended. After considering the suitability of various places the Committee recommended that Hyderabad should be selected as the site for Central Training Establishment. In the Central Training Establishment the Pilots were to have annual refresher course at the end of which there would be checks. Besides, quarterly checks and six monthly route checks were suggested. Matters relating to curriculum the standard of training, selection and training of instructors and the probable expenditure were worked out in detail. They recommended that suitable men should be selected to fill the posts of Chief Flying Instructor, Chief Ground Instructor (with navigational qualifications) 4 Chief Check Pilots, 12 Check Pilots, 4 Chief Link Instructors, 8 Navigation Instructors and 4 Lecturers in Meteorology, deputed to any well recognised training establishment in Europe or America to get advanced training. The Committee understand that in pursuance of these recommendations following action has been taken.

C *Action taken*

170. Training organisations are set up at all the four bases consisting of Flying Instructors, Link Instructors, Ground Instructors, Navigational Instructors and Meteorological Instructors. Training Schedules have been laid down for quarterly check for Commanders, monthly checks for co pilots and annual refresher course for all pilots including six monthly checks required for renewal of 'B' Licence. The Corporation was to train co-pilots for Commandors as there was a shortage of Commanders. Upto 31st March, 1956, 86 co pilots were trained for Commanders' endorsement on Dakota aircraft and promoted as Commandors. 75 new co-pilots were selected and were given refresher courses after they passed out from Civil Aviation Centre, Allahabad.

With the introduction of Sky-masters on the night air-mail-

routes 18 pilots were trained at the K.L.M. Royal Dutch Airlines, Amsterdam in order to increase the strength of Commanders training.

D. *Central Training Establishment*

171. The Committee regret to find however that no steps have been taken to set up a Central Training Establishment. They were told by the representatives of the Corporation that the decision involved the choice of place, the provisions of ground equipment and housing accommodation and therefore will take time, whereas arrangements for training had to be made speedily and were made at the bases themselves. The Committee would like to point out that the Central Training Establishment recommended by the Technical Committee was to be in addition to the training establishment at the bases. That Committee had recommended that the Training organisation at bases should provide link and ground training and also carry out quarterly checks and route-checks. The Committee feel that the Base Training Centres now set up cannot go much farther than that. Thus the Committee feel that there is still a need to make suitable arrangements for advanced training in a Central Training Establishment

E. *Navigators' Licence and Instrument Ratings*

172. The Committee notice that out of 290 Pilots and Co-pilots employed by the Corporation only 49 Pilots possess a second class navigators' licence and 7 Pilots possess Instruments Rating certificate. The Court of Enquiry which reported on the accident near Nagpur in February, 1955 recommended that although under the present regulations licencing of Commercial pilots includes instrument flying, Instrument Rating according to ICAO Standards should be made a compulsory requirement for pilots engaged in Commercial air Transportation Instrument rating has been recommended by the International Civil Aviation Organisation in its international standards and practices recommended for personnel licencing. The intention is that no pilot in-command of an aircraft should be allowed to fly the aircraft under instrument rules unless he has received

proper proficiency certificate from the State concerned. The Minister in the Ministry of Communications stated in his statement made in the Rajya Sabha on 8th May, 1956 that though the court of Enquiry which recommended that flight instruments ratings should be introduced for all pilots, the Government had decided to introduce Instrument Ratings for pilots-in-command only. Arrangements were made by DGCA for necessary checks to be carried out and a notice to airmen was also issued making it compulsory for pilots-in-command to hold instrument Rating Certificate by 1st April, 1956. But as arrangements were not completed this had to be postponed. The Committee understand that in the revised set up of training the IAC will be in a position to train pilots in Instrument Rating. The Training has made little progress so far and, therefore, the certificate has not been made compulsory.

173. The Committee understand that it was arranged, under the auspices of the International Council of Civil Aviation, to get the services of an experienced flying Instructor from KLM Royal Dutch Airlines to reorganise the training arrangements for air-pilots in this country. It is said to be the intention to proceed with the training and to enforce the certificate in Instrument Rating as compulsory for all pilots and co-pilots. The Committee recommend that this be done with expedition. They understand from the DGCA that an ordinary pilot with a commercial licence was also able to fly at night, that the pilots had been flying through all the weather without holding the Instrument Rating certificates and that they were qualified and know how to fly through the weather. The Committee would observe that while in the past, lower standard might have been accepted with all the attendant risks, there should be no complacency about accepting what is not the best in training. The urgent necessity for a standard of training far more exact and rigid than any which has so far been imposed should be appreciated. It may possibly be, that the weather conditions in the country throughout the year are fairly good for flying and do not demand of the pilots

the same skill as is required in countries with not so good weather conditions The Committee consider that the accidents that have taken place so far due to pilot error should be a sufficient warning, and that there should be no laxity in the standards expected of pilots.

F. Irregularity in Checking

174. The Committee learnt of a very regrettable incident in which a certain check pilot passed, on one particular day, 18 pilots, which would have meant his having flown for 26 hours in a day! Explaining the incident the Director General of Civil Aviation said that the check pilot did not carry out all the manoeuvres himself as he should have done, but had carried out the more difficult manoeuvres finishing the checks each in about 25 minutes. The Committee find that the check pilot held a very responsible position in the IAC, which he continues to hold despite this incident, that no action was taken against him and that he has not even been removed from the approved list of check pilots. The Committee were, however, assured that after that incident his services had not been used as a check Pilot by the D G C A. The D G C.A. does not deny that it was the duty of the Check Pilot to carry out personally all the checks laid down in the schedule and also that when he signed the certificate he left the impression that he had carried out checks as required under the rules. As such, the Committee are surprised to see that such a dereliction of duties was lightly passed over even after it came to the notice of the DGCA and no action whatsoever was taken against the officer except that of rewarding him by providing a welcome relief from such additional and onerous responsibilities. The Committee take a very serious view of the condonation of such irregularities on the part of responsible officials, which cannot but undermine discipline and morale in the Corporation and would urge upon the Government to investigate the case with special reference to the failure to take any action against the individual

concerned and also to lay down procedure and rules which prevent repetition of such cases.

175 It has come to the notice of the Committee that a certain Check Pilot of the I.A.C. does not possess endorsement on his own licence in respect of certain types of aircraft, on which he checks other pilots. The Director General of Civil Aviation has explained to the Committee that the Check Pilot has a flying experience of more than 10,000 hours and also has had special training abroad for checking of pilots on different types of aircraft. His licence is also endorsed for all types of land planes for purposes other than public transport of passengers, mails or goods ', on account of which the D G C.A considers him sufficiently qualified to check pilots on any type of aircraft now used in India The D.G.C.A., while admitting that it may be desirable for the check pilots to hold endorsements on every type of aircraft on which he checks other pilots, considers that it is not essential The Committee are not convinced of this reasoning as they believe that a person who checks others in the performance of certain functions should himself be, in every respect, capable of and qualified for performing the very same functions. Such competence and qualifications are necessary not only for ensuring that the checking is perfect but also for maintaining the morale of those who are subjected to the check and for infusing confidence in others. The Committee, therefore, recommend that the D.G.C.A. should reconsider the matter and make it essential for check pilots to have endorsements on their licences in respect of all the types of aircraft on which they have to check other pilots.

IX

MISCELLANEOUS

176. The Corporation intends to put up a building to house its Headquarters Office at New Delhi The Committee understand that the Government have allotted a plot of land adjoining the Broadcasting House and that about three lakhs of rupees have already been spent on it. The design of the building was prepared by a private firm of architects through direct negotiations. The Committee understand that no tenders were invited for the construction of the building, and that the work will also be entrusted to the same firm which designed the work. They were informed that when tenders were invited for design etc of the building, the Institute of Architects protested saying that it was not customary for tenders to be invited from firms of professional architects. The tenders were therefore, stopped and the design was obtained from a firm after private negotiations. The Corporation appears to hold the view that since the firm has designed the building the construction of the building should also be entrusted to them.

177. The Committee do not appreciate construction work of the building being given out without inviting competitive tenders. If the position is as was reported to the Committee, the safeguards that are implied in the system of placing contracts after obtaining competitive tenders will have to be foregone in all such cases. The Committee are not satisfied with the position taken up by the Corporation and would recommend a review by the Ministry in consultation with the Ministry of Works Housing and Supply with a view to laying down a definite policy in the matter for the guidance of all nationalised undertakings.

NEW DELHI;
The 14th December, 1956

BALVANTRAY G. MEHTA.
Chairman,
Estimates Committee.

APPENDIX I

(Vide para 1)

Brief particulars of the companies whose undertakings have vested in the Indian Airlines Corporation

1. Some particulars of the companies whose undertakings have vested in the Indian Airlines Corporation are given below:

Air-India Limited

This company was formed in 1946 to take over the undertakings of the Aviation Department of Tata Sons Ltd., known as Tata Airlines, which had been formed in 1932 and was the pioneer Indian company in the operation of air services. The total purchase price of the assets of Tata Airlines was Rs. 39,46,116 which included Rs. 20,00,000/- for goodwill. Its authorised capital was Rs. 5 crores of which Re. 1.5 crores was issued and paid up. It was responsible in collaboration with the Government of India, for the promotion of the Air India International Ltd., India's international airlines.

Air Services of India Limited

Was incorporated in 1937 with an authorised capital of Rs. 1 05 crores of which Rs. 90.79 lakhs has been paid up. The Company's operations were mainly in and around the Kathiawar area.

Airways (India) Limited

Registered in 1945 with an authorised capital of Rs. 1 crore and a paid up capital of Rs. 21.61 lakhs. The operations of this company were confined mainly to the Bengal-Assam area. It had the distinction of operating at a profit every year except

during the year of its formation.

Bharat Airways Limited

Incorporated in 1945. Authorised capital Rs. 5 crores and paid up capital Rs. 80 lakhs. Operations were confined to Bengal-Assam area except for one route to Djakarta and another to Delhi.

Deccan Airways Limited

Established in 1945 with an authorised capital of Rs. 85.6 lakhs. The paid up capital was Rs. 55.7 lakhs of which Rs. 71.5% was held by the Government of Hyderabad and subsequently taken over by the Government of India. The Government of India also took over some shares originally owned by the Nizam's State Railway. Certain shares held by private individuals were also acquired by Government.

Himalayan Aviation Limited

According to the latest available balance sheet, namely for the year ending 30th June, 1950, the authorised capital of the company was Rs. 50 lakhs of which Rs. 9.65 lakhs had been paid up. The Company's activities were confined to non-scheduled services till it was awarded a license for operation of the night airmail services in October, 1949, which it continued to operate till early 1951, when the night air mail routes were awarded to the Deccan Airways Limited.

Indian National Airways Limited

Formed in May, 1933. Was, along with Tata Airlines, responsible for all the pioneering work in the development of scheduled air transport services in the country. The company's authorised capital was Rs. 1 crore of which Rs. 90 lakhs had been paid up.

Kalinga Airlines

This was a private proprietory concern formed in 1946. According to its latest available accounts, namely for the year ending 31st December, 1951, its paid up capital was Rs. 1.95 lakhs.

APPENDIX II

(Vide para 9)

Functions of various Heads of Departments of I.A.C

	Financial Comptroller	Chief Operations and Trg Manager	Chief Traffic Manager	Engineering Manager
Headquarters at Delhi	1. Accounts	1 Operational control	1 Traffic control	1 Control of Engineering Workshops.
	2. Internal Audit.	2 Catering & Cabin Servicing	2 Rates & Tariffs	2 Provisioning and consumption of stores and equipment.
	3. Statistics	3 Surface Transport	3 Sales Promotion	3 Technical Research
	4. Budget	4. Training of Flying crew.	4. Route Pattern.	
	5. Costing		5. Information and Publicity	
	6. Organization & Methods.			
	7. Planning.			

Controller of Purchases, Stores and Supplies	Secretary
1. Purchase, Custody and issue of Stores.	1. Personal Secretariat of the Chairman.
	2. Administration of the Air Corporations Ac
	3. Legal matters.
	4. Administration of Headquarters Office.
	5. Lease of construction of buildings.
	6. Maintenance of records of all personnel
	7. Labour Welfare.
	8. Management and Employee relations.

APPENDIX III

(Vide para 13)

Division of Stations under each Area of I. A. C.

Delhi Area	Bombay Area	Calcutta Area
Delhi, Srinagar, Kabul, Banaras, Lucknow, Jodhpur, Agra, Jammu, Lahore, Amritsar, Pathankot, Gorakhpur, Gwalior, Bhopal, Jaipur.	Bombay, Madras, Karachi, Nagpur, Colombo, Hyderabad, Bangalore, Ahmedabad, Jamnagar, Trichinapalli, Cochin, Rajkot, Coimbatore, Trivandrum, Bhuj, Mangalore, Belgaum, Keshod, Porbander, Bhavnagar, Indore, Aurangabad	Calcutta, Agartala, Gauhati, Rangoon, Baghdogra, Dacca, Patna, Chittagong, Jorhat, Silchar, Mohanbari, Tezpur, Imphal, Bhubneswar, Visakhapatnam, Lilabari, Muzaffarpur, Kathmandu, Khowai, Kailashahar, Kamalpu Biratnagar, Bhairawa, Pokhra, Simra.
(15 stations)	(22 stations)	(25 stations)

APPENDIX IV

(Vide para 26)

Extracts from I.A.C. brochure entitled 'Nationalisation of Indian Airlines'

(i) In early 1953 when the main Compensation terms became known, one Company purchased an old hull of a Dakota from scrap for Rs. 4,000/- and hastily converted it into an airworthy aircraft, by utilising its own labour and materials. The converted cost came to over Rs. 1,60,000/ which had to be paid as Compensation.

(ii) On the eve of nationalisation the Managing Director of one Company received a compensation of Rs. 50,000/- from the funds of the company, which amount should have otherwise gone to the shareholders, or to the staff as bonus. This was alleged to be an *ex-gratia* payment on retirement from service.

(iii) The Companies did not hesitate to dispose of such saleable commodities as motor vehicles etc. during the last year, when they found that they could get more by direct sale than under the depreciation scheme provided in the Act. Even a non-flyable aircraft was disposed of in this manner by a Company.

(iv) One Company invested a substantial portion of its cash resources in a Company of rather doubtful category and one which was believed to have been its own subsidiary. By doing this, it not only diverted its funds to its own subsidiary but also

converted cash, into an Asset other than cash, thereby entitling it to earn 3½% interest for 5 years under the scheme of the Air Corporations Act.

(v) A few Companies increased the rentals of premises occupied by them to favour their previous land lords at the expense of the Corporation.

(vi) One Company transferred contracts for repayment of loans by the staff, from its controlling firm to its own name so that such assignments could be passed on to the Corporation along with the risks involved in recovery of the balance of amounts.

(vii) Transactions in foreign exchange, of a questionable character where carried out by one Company, whereby moneys were paid out in foreign countries for equivalent amounts recovered in Indiancurrency.

APPEN

(Vide

Balance Sheet as

CAPITAL AND LIABILITIES

1. CAPITAL

(a) Liability to pay Compensation under the Air Corporations Act, 1953		
Amount as per last Balance Sheet	3,02,41,369	
Addition due to compromise for leave liability	16,52,934	
Compensation as approved by Govt of India in their letter No. 4CA (13)/55 dated 18.1.1956	3,18,94,303	
Payable in Bonds . . .	2,61,85,340	
Payable in cash	57,08,963	3,18,94,303
(b) Capital Received from the Govt. of India		1,88,08,000
TOTAL CAPITAL .		5,07,02,303

2. OPERATING RESERVES

(a) Self Insurance Reserve		
Provision made during the year	4,64,167	
Less Write off during the year of VT-COZ, VT-CUZ and VT-CVB as a result of aircrashes . . .	1,98,024	2,66,143
(b) Obsolescence Reserve		
Difference between the original cost of spares and stores taken over from Airlines and their acquisition value . . .	46,60,478	
Less Adjusted during 53/54 . .	4,60,478	
Less Adjusted during the current year	6,99,000	35,01,000

DIX V

para 28)

on 31st March, 1955

PROPERTIES & ASSETS

		Rs.	Rs.
10.	INTANGIBLE ASSETS		
	(a) Goodwill		34,400
	(b) Lease-hold land		
	Balance as per last Balance Sheet.	5,751	
	Additions during the year	2,68,100	
		2,73,851	
	Less Written off during the year .	451	2,73,400
	(c) Other Intangible Assets		
	Amount as per last Balance Sheet	14,31,074	
	Less Leave Liability of Himalayan Aviation as per contra .	10,825	14,20,249
11.	DEFFERRED CHARGES :		
	Training Expenses on Heron Aircraft	34,415	
	Renovation of Booking & Administrative Offices . . .	1,21,568	
	Suspense Account . . .	45,832	2,01,859

		Rs.	Rs.
3.	**DEPRECIATION** *(as per Schedule II)*		
	Amount as per last Balance Sheet	27,07,276	
	Less Write off during the year	53,350	
		26,53,926	
	Add Provision made during the year	40,62,597	67,16,523
4.	**DEFERRED CREDITS**		
	(a) Leave Liability		
	Amount as per last Balance Sheet	21,16,397	
	Less Adjustmenta made during the year		
	(i) On account of compromise by transfer to compensation account	16,52,934	
	(ii) on account of similar scaling down of the leave liability of Himalayan Aviation Staff—by transfer to "other Intangible Assets."	10,825	
	(iii) By transfer to operating expenses	4,52,638	
	(b) Training charges recoverable from Air-India International.		
	Amount as per last Balance Sheet	2,33,300	
	Less Receipts and adjustment made during the year	2,33,300	
	(c) Other Deferred Credits.		
	Intercharge Accounts (Pending adjustments)		38,969
	(d) Miscellaneous Suspense Accounts		69,612
5.	**LIABILITY FOR FIDUCIARY DEPOSITS :**		
	(a) Liability for Employees Provident Fund	11,29,861	

		Rs.	Rs.
12.	PROPERTY AND EQUIPMENT		
	At Cost as per Schedule I		2,23,70,988
13.	INVESTMENTS		29,34,051
14.	ASSETS EARMARKED :		
	Employees Deposits	98,400	
	Deposits from Agents and others	12,000	1,10,400
15.	CURRENT ASSETS :		
	Spares & Stores	1,98,00,922	
	Book Debts (*Less* Rs. 50,000 provision for doubtful debts)	1,65,65,498	
	Loans to staff	1,16,225	
	Advances for purchases	28,70,974	
	Advances for expenses	5,52,056	
	Prepaid Expenses	1,98,066	
	Deposits	6,79,765	
	Accrued Interest Receivable	22,907	
	Cash and Bank Balances	1,96,62,422	6,04,68,825
16.	LOSSES :		
	As per last Balance Sheet	79,47,988	
	Add Loss for the year	90,15,332	1,69,63,320
17.	STAFF PROVIDENT FUND		
	(a) Investments including Deposits	87,98,205	

		Rs.	Rs.
	(b) Liability for Contract Advances, Agents' Deposits, Employees' Securities, Unclaimed Dividends of previous Airlines, etc.	8,43,695	14,78,556
6.	LONG TERM LOANS—FROM GOVT. OF INDIA:		1,58,16,591
7.	CURRENT LIABILITIES :		
	Short Term Loan . .	10,00,000	
	Accrued Interest Payable .	15,97,431	
	Liability for Goods Supplied .	62,90,569	
	Liability for Expenses .	65,12,207	
	Unearned Transportation Revenue .	20,77,951	
	Airlines Traffic Accounts Payable .	16,57,674	
	Other Current Liabilities .	62,71,463	2,54,97,295
8.	HIMALAYAN AVIATION LOAN SUSPENSE ACCOUNT : . .		7,85,000
9.	STAFF PROVIDENT FUND : .		
	(a) Employees' and Employer's contributions including interest earned thereon . .	1,05,42,674	
	(b) Other Liabilities and Credit Balances	6,93,697	1,12,36,371
			11,60,13,363

	Rs.	Rs.
(b) Other Assets . . .	21,38,912	
(c) Cash and Bank Balances . .	2,99,254	1,12,36,371

There is a Contingent Liability of Rs 5,50,500 towards a claim for customs duty on aviation fuel and oil remaining in the tanks of aircraft returning from foreign stations This liability has not been accepted by the Corporation

11,60,18,863

APPEN

(Vide para

INDIAN AIR

Balance Sheet as

CAPITAL AND LIABILITIES

	Rs	Rs
CAPITAL :		
(a) Liability to pay compensation under the Air Corporations Act, 1953		
Amount as per last Balance Sheet	3,18,94,303	
Additional liability as a result of final valuation of "Inter-Airline" shares of one Airline—*vide* Govt. of India letter No. 4CA(21)/54 pt. II, dt. 24th March, 1956	50,688	
	3,19,44,991	
Less Cash compensation paid during the year	55,78,964	
Balance	2,63,66,027	
Made up of		
(i) Bonds issued	2,62,30,960	
(ii) Cash compensation payable	1,35,067	2,63,66,027
(b) Capital received from Govt. of India		4,95,02,000
TOTAL CAPITAL		7,58,68,027
OPERATING RESERVES :		
(a) Self Insurance Reserve :-		
Balance as per last Balance Sheet	2,66,143	
Add: Provision made during the year	4,84,167	
	7,50,310	
Less write off during the year	1,49,399	6,00,911

DIX VI

28)

LINES CORPORATION

on 31st March. 1956.

PROPERTY AND ASSETS	Rs	Rs
9 INTANGIBLE ASSETS		
(a) Goodwill		
Balance as per last Balance Sheet	34,400	
Less written off during the year	34,400	Nil
(b) Leasehold Land		
Balance as per last Balance Sheet	2,73,400	
Additions during the year	13,680	
	2,87,080	
Less written off during the year	451	2,86,629
(c) Difference due to Devaluation of Pakistan Currency		15,86,827
10 DEFERRED CHARGES— Intercharge Accounts (Subject to adjustments)		2,60,424
11 PROPERTY AND EQUIPMENT— at cost as per Schedule I		4,47,74,539
12 INVESTMENTS		5,11,749
13 ASSETS EARMARKED :		
(a) Employees' Deposits . .	1,00,600	
(b) Deposits from Agents & Others	12,000	1,12,600

		Rs.	Rs.
	(b) Obsolescence Reserve		
	Balance as per last Balance Sheet	35,01,000	
	Less Adjusted during the year	6,99,000	28,02,000
3.	DEPRECIATION :		
	Balance as per last Balance Sheet	67,16,523	
	Less write off during the year	2,17,485	
		64,99,038	
	Add provision made during the year	59,00,719	1,23,99,757
4.	LIABILITY FOR FIDUCIARY DEPOSITS :		
	(a) Liability for Employees' Provident Fund	7,64,622	
	(b) Liability for Contract Advances, Agents Deposits, Employees' Securities, Unclaimed Dividends of previous Airlines etc.	4,05,303	11,69,925
5.	LONG TERM LOANS— FROM GOVT. OF INDIA :	2,76,83,147	
6.	CURRENT LIABILITIES :		
	(a) Accrued interest payable	3,86,347	
	(b) Liability for goods supplies	24,63,678	
	(c) Liability for Expenses	1,56,10,112	
	(d) Unearned Transportation Revenue	20,00,000	
	(e) Airlines Traffic Accounts Payable	16,37,757	
	(f) Suspense Account	3,94,089	
	(g) Other Current Liabilities	22,15,532	2,47,07,465
7.	HIMALAYAN AVIATION LOAN SUSPENSE ACCOUNT		7,85,000
8.	STAFF PROVIDENT FUND :		
	(a) Employees' & Employer's contribution including interest	1,28,73,914	
	(b) Other Liabilities and Credit Balances	3,77,976	1,32,51,890
	TOTAL		15,92,68,122

There is a Contingent Liability of Rs. 5,50,500 towards a claim for from foreign stations. This liability has not been accepted by the

		Rs.	Rs.
14.	**CURRENT ASSETS :**		
	(a) Spares and Stores		2,50,97,216
	(b) Book Debts :		
	Amount as per books	1,86,83,764	
	Less provision for a Bad and Doubtful Debts :		
	Amount as per last Balance Sheet 50,000		
	Add provision made during the year 2,50,000	3,00,000	1,83,83,764
	(c) Advances to staff		63,840
	(d) Advances for purchase of aircraft		23,77,982
	(e) Advances for other purchases		25,44,390
	(f) Advances for expenses		2,02,361
	(g) Prepaid expenses		1,26,438
	(h) Deposits		11,74,243
	(i) Accrued interest receivable		7,345
	(j) Suspense Account		38,634
	(k) Cash and Bank Balances		1,95,63,896
15.	**LOSSES :**		
	As per last Balance Sheet	1,69,63,320	
	Add Loss for the year	1,19,40,035	2,89,03,355
16.	**STAFF PROVIDENT FUND :**		
	(a) Investment including Deposits	1,03,39,257	
	(b) Other Assets	16,64,201	
	(c) Cash and Bank Balances	12,48,432	1,32,51,890
	TOTAL		15,92,68,122

customs
[duty on aviation fuel and oil remaining in the tanks of aircraft returning
Corporation.

APPENDIX VII

(Vide para 31)

Summary of losses incurred by the Companies merged into I A C

Financial Year	Revenue	Expenditure	Loss	Subsidy	Loss including subsidy	Items which should have been added to the Loss	Aggregate Loss
	Rs	Rs	Rs	Rs.	Rs	Rs	Rs.
1949 . . .	6,53,63,000	7,00,05,000	46,43,000	33,91,000	80,34,000		80,34,000
1950 . . .	7,92,50,000	8,19,03,000	26,54,000	52,50,000	79,04,000		79,04,000
1951 . . .	8,29,85,000	8,32,70,000	2,85,000	51,66,000	54,51,000		54,51,000
1952 . . .	7,97,52,000	8,09,59,000	12,07,000	35,00,000	47,07,000	27,93,000	75,00,000

APPENDIX VIII

(Vide para 31)

Details showing Adjustments for Excess or under provisions in the Annual Accounts of various Companies for 1952

	Rs.	Rs.
ADD (Approximately)		
1. Inadequate provision of depreciation as judged from the normal provisions made by these companies in previous years, explained in Note A(i)		
Airways (India)	1,00,000	
Air India	15,00,000	
Air Services of India	1.00 000	
Bharat Airways	9.00 000	26.00,000
2. Adjustments made in 'Maintenance Costs' by crediting stores and spares once charged off. Such adjustments which should normally be made year after year, giving each year's operations the due credit, were all aggregated in 1952 thereby decreasing the book-cost of Maintenance Charges' in 1952. The Companies adopted this course in 1952 to bring their valuations upto date for compensation purposes. Material accumulated at various shops of each company were sorted out and brought back on charge in the books by debiting 'Stock Account' and crediting 'Revenue'. Such credit entries to 'Revenue' should have really speaking been credited at the end of each year, but instead the aggregated credit has come in one year only. The figures below represent approximately the extent of surplus credit to 1952 operations, which should have been distributed between the previous years		

Airways (India)	1,00,000	
Indian National Airways	50,000	
Air Services of India	25,000	
Bharat Airways	2.00,000	3.75.000

3. Adjustments of other differing types, observed in 1952 Accounts, which have no bearing on the Operating results of 1952 :—

(a) Profit made by Bharat Airways on a subsidiary business of trading in cloth, gunnies, etc., (clearly revealed in 1952 P & L Account) 2,90.000

(b) Previous unclaimed balances of Passengers, treated as 1952 revenue by Bharat Airways and Airways (India), after adjusting previous irrecoverable debts. Sundry balances on unutilized tickets, etc., were brought forward on the books of the Companies from year to year. In 1952 such apparently unclaimed balances were wiped off by crediting revenue 50.000

(c) Salaries Capitalized and allocations from revenue to Capital heads for various jobs performed (Abnormal) feature arising out of compensation. The Air Corporations Act allowed initial overhauls of Airframes and engines as Capital Jobs for purposes of claiming Compensation. Such of the Air Companies therefore, which had originally not Capitalized these charges, took them in their Capital Account in 1952, by crediting the revenue of the year or by decreasing expenses. Again in order to claim compensation, a few Aero Engines which were all along kept un overhauled were duly overhauled during the year in order to claim such initial overhauls. The credits being once again allotted to 1952 . . . . 2.00.000

(d) Excess Income Tax provision of previous year taken back into Revenue by Air India (This is revealed in the P & L Account of 1952) . . . 1,20,000

(e) Liabilities once provided but now written back to profits by I.N.A. The fact that such Liabilities have taken as Miscellaneous Income of 1952 has been mentioned in the P & L Account 1,25,000

(f) Exchange difference between Pakistan & Indian currency, pertaining to previous years but given effect in 1952, by Indian National Airways. This is a part of the Miscellaneous Income of Rs. 6,60,000/- shown in the P & L Account of 1952. . 1,00,000

(g) Credits of previous years given effect in 1952 Accounts by Air Services of India. (This is mentioned in the P & L Account) 46,000

(h) Under charge of Engine Overhauls of Air Services of India in 1952. The Company intentionally hold back its normal overhauls in the wake of Nationalisation. This fact has been indirectly mentioned in the Report for the half year ended 31st December, 1952. The figures as revealed support this fact. The Company flew in 12 months prior to 1st July, 1952, a total of 10,82,000 miles. In the next 6 months it flew 5,35,000 miles which works out to the correct proportion. But as against a Maintenance and Repairs cost Rs. 5,01,000/- for the preceding 12 months, only Rs. 88,000/- are booked in the succeeding 6 months of 1952. This great disparity tends to reduce the book-loss in 1952. Although the difference is much greater we have presumed that only 10 Aero Engines were left unoverhauled at Rs. 10,000/- each 1,00,000

(i) Non-operating profit of an abnormal type earned by Deccans due to realization of Insurance Covers on two crashed Aircraft. Two crashes are abnormal in one year and because the aircraft were fully insured the Company was able to realise the Insured Value of the Aircraft which was far above the depreciated value. The dif-

ference was treated as non-operating Property profit which has no direct connection with Air-Operations of the year	2,00,000	
Carried over	12,31,000	29,75,000
(j) Revenue shown by Deccans as arising out of servicing of aircraft of Indian Air Force out of which about Rs. 2,00,000/- are not admitted by I.A.F. After the close of the year the Air Force Authorities contended some charges in the company's bills and thereby put Rs. 2,00,000/- approximately in a doubtful category. This therefore, does not form part of the normal revenue of the year	2,00,000	14,31,000
		44,06,000
DEDUCT		
Abnormal provisions of bad debts and other adjustments made by various companies, which have the effect of decreasing profits. As profits were inflated by various entries and adjustments, they were also decreased in a few cases as result of other cumulative adjustments of various types, all having a bearing on finalisation of book entries for purpose of compensation. Such cases were not many and all details are not available unless the books of each operator are scanned. However, a safe high figure of Rs. 6,13,000/- has been adopted to round off the net likely inflations to Rs. 50,00,000/-		6,13,000
The actual next loss which should have been revealed in Air-operations after receiving petrol subsidy—as could be judged from their normal accounting practices and from the explanation furnished above		37,93,000

Some Companies were in the habit of providing more depreciations than necessary hence an approximate write-back of Rs. 10 lakhs would be appropriated. 10,00,000

LIKELY LOSS IN 1952 (AFTER RECEIVING PETROL SUBSIDY) 7,23,000

APPENDIX IX

(Vide para 33)

Comparative Statement showing the variation in the Expenditure of the Indian Airlines Corporation for the years 1953-54 and 1954-55

(All figures in lakhs of rupees)

	1953-54 (Converted to 12 months)	1954-55	Increase in 1954-55	Remarks
1. Salaries and Allowances	219.11	216.36	--2.75	The actual amount of salary & allowance paid for the year 1954-55 was Rs 220.89 and this is the figure to be compared with 1953-54 figure. Hence no increase in 1954-55. The Corporation had a reserve of Rs. 4.53 lakhs created out of compensation transactions (as they took over the leave liability towards the employees who were taken over by the Corporation from the Companies with their right to get leave against services rendered to the companies). Full adjustment of this reserve was made in

	1953-54 (Converted to 12 months)	1954-55	Increase in 1954 55	Remarks
				1954 55 instead of 1953-54 and 1954 55.
2. Provident Fund		8.71	10.86 +2.15	The rate of employers' contribution to the P.F. varied with different companies. Some were contributing at 6 1/4% and some others at 8.1/3%. One or two companies did not have any regular rules. With effect from 1.1.1955, however, the Corporation fixed the rate uniformly at 8.1/3% for all its employees. Also greater number of persons began to contribute to the P.F. after Nationalization.
3. Fuel & Oil		287.60	291.82 +4.22	This increase is due to the increase in the capacity flown

	(1953/54 (converted to 12 months)	1954/55	Difference
Skymaster	2073	2728	+655
Vikings	18103	17455	—648
Dakotas	93738	94625	+887

The decrease in the Viking hours is more

				than counterbalanced by the increase in the Skymaster and Dakota hours. This involves a net increase of 1.20 lakhs of gallons of petrol and the approximate average price of petrol is about Rs 3/- per gallon
4. Landing charges	22.86	22.69	−0.17	
5. Maintenance, Overhaul & Repair of Flight Equipment (Materials & Outside repairs only).	63.69	62.84	−0.85	
6 Surface Transport (Fuel, Oil, outside repairs, spares and hire of motor vehicles).	15.10	16.26	+1.16	This increase is due to the increase in the amount of flying done and also to the strengthening of the Headquarters Organization and the increase in the work connected with integration of Lines
7. Insurance . .	20.71	19.40	−1.31	
8. Booking Agency Commission	13.54	15.89	+2.35	This is due to the increase in the Revenues
9. Miscellaneous	68.31	74.50	+6.19	It is too difficult to give detailed reasons, but in 1954/55 greater advertisement and publicity was given Headquarters organisation was strengthened.

1953-54 (Converted to 12 months)	1954-55	Increase in 1954-55	Remarks
10. Depreciation	40.60	40.63	+0.03	
11. Training	0.09	1.26	+1.17	This is due generally to the increased training given by Indian Airlines Corporation.
12. Interest	11.98	10.76	−1.22	
	772.30	783.27	+10.97	

Comparative Statement showing the variations in the Expenditure of the Indian Airlines Corporation for the years 1954-55 and 1955-56 (1954-55 Actuals & 1955-56 Revised Estimates)

(All figures in lakhs of rupees)

Serial No.	Head	1954-55 Actuals	1955-56 Revised Estimate	Variation	Remarks
1	2	3	4	5	6
1.	Salaries & Allowances . .	216.36	280.00	+63.64	This increase is due to increase in pay and allowances and liberalisation of service Conditions and additional staff
2.	P. F Contribution .. .	10.86	13.00	+2.14	*Vide* reasons given in the Statement for the year 1953-54 and 1954-55. The full effects are reflected only in 1955-56.
3.	Fuel & Oils . .	291.82	320.00	+28.18	This is due to the increase in the capacity operated. As against a total of 1,14,808 flying hours for 1954-55, the R.E. for 1955-56 is 120,330. This increase is mainly brought about by the introduction, in November, 1955, of the four engined Skymaster aircraft on the Night Airmail Services and one or two other principal routes and Heron on certain other routes.

4.	Landing Charges	22.69	25.20	+2.51	Due to introduction of Skymaster. The charge per landing is Rs. 150/ as against Rs. 50/ per Viking and Rs 25/ for Dakota.
5.	Maintenance, Overhaul & Repair of Flight Equipment (Materials & Outside Repair only)	62.84	70.00	+7.16	
6.	Surface Transport . .	16.26	15.20	−1.06	
7.	Insurance . . .	19.40	27.00	+7.60	Additional Hull Insurance Premia for Skymaster is Rs. 3.25 lakhs, for Herons 2.95 lakhs.
8.	Booking Agency Commission	15.89	17.00	+1.11	Due to increase in revenue.
9.	Miscellaneous . . .	74.50	77.00	+2.50	This addition was provided in order to cater for the increased traffic.
10.	Depreciation . . .	40.63	60.35	+19.71	Additional depreciation on Skymaster is Rs. 13.95 lakhs. Depreciation on Heron is 5.15.
11.	Training . . .	1.26	5.00	+3.74	Increased provision wasmade for training as the Corporation wished to intensify training. Also training has not been kept as a separate function (this is being done in the accounts of 1955-56) and as

1	2	3	4	5	6
					such the figure of Rs. 1.26 lakhs does not, probably, reflect the entire expenditure incurred under this head.
12.	Interest	10.76	9.75	−1.01	
	TOTAL . .	783.27	919.50	+136.23	

Comparative Statement showing the Variations in the Expenditure of the Indian Airlines Corporation for the years 1955-56 and 1956-57 (1955-56 Revised Estimates and Budget Estimates of 1956-57)

(All figures in lakhs of rupees)

Serial No.	Head	1955-56	1956-57	Increase in 1956-57	Remarks
1	2	3	4	5	6
1.	Salaries & Allowances . .	280 00	290 00	+10 00	Increase due to further concessions granted to staff and annual increments.
2.	P. F. Contribution . . .	13.00	14.00	+1.00	Due to increase in salaries additional provision was made.
3	Fuel & Oil	320.00	357.00	+37 00	The increase is due to the increase in capacity operated.
4	Landing charges . . .	25 20	27.50	+2.30	Do.
5.	Maintenance, Overhaul & Repair of Flight Equipment (Materials & Outstde Repair only)	70.00	78.00	+8 00	Do.
6.	Surface Transport . .	15.20	15.50	+0.30	
7.	Insurance	27.00	32.50	+5.50	Increase in Aircraft Hull insurance alone is Rs. 2.90 lakhs. Skymaster will

1	2	3	4	5	6
					be in operation throughout the year, as against only 5 months in 1955-56. Similarly 1955-57 will be in full year operation for Herons.
8.	Booking Agency Commission . .	17.00	17.00	..	
9.	Miscellaneous	77.00	81.00	+4.00	Due to increase in capacity and traffic in 1956-57.
10.	Depreciation	60.35	68.73	+8.38	The entire increase is due to provision of depreciation for a full year in 1956-57 on Skymaster and Heron as against provision for part of a year in 1955-56.
11.	Training	5.00	13.50	+8.50	Increase due to necessity of training on new aircraft and due to introduction of Dakota and Viking training.
12.	Interest	9.75	9.68	–0.7	
13.	Welfare Fund . . .	.10	.10	..	
	TOTAL	919.60	1004.51	+84.91	

APPEN

(Vide

(Indian Airlines Corporation Route wis

(in

Sl. No.	Route	Hours Flown	Revenue	Total co
1	2	3	4	5
Bombay Base				
1	Madras - Trivandrum . .	D 2,740 - 25	12,49,036	18,81,832.0
2	Madras - Hyderabad Nagpur - Delhi	D 5,161 - 00	28,53,889	35,44,574.8
3	Night Airmail Service . .	D 6,004 40		41,24,234.0
		V 48 - 50	86,16,798	41,365.8
		S 3,442 25		63,48,769.0
4	Bombay - Bangalore	D 3,400 - 30	19,77 375	23,35,806.8
5	Bombay - Karachi (N S) . .	D 239 - 45	12,37,449	1,64,832.0
		1,334 - 05		11,26,162.8
6	Bombay - Karachi (Stopping) . .	D 3,227 10	14,38,321	22,50,643.6
7	Bombay Bhav Raj Jam Bhuj	D 2,350 - 50	12,55,335	16,14,666.8
8	Bombay-Kesnod Porbandar-Jam	D 1,337 40	4,73,035	9,18,938.4
9	Bombay - Cochin	D 8,327 50	16,79,225	22,85,670.4
10	Bombay - Calcutta . .	D 42 10		28,845.6
		V 3,113 00	30,23,862	26,27,994.6
		S 865 45		15,97,337.0
11	Bombay Colombo . . .	D 285 55		1,96,424.8
		V 4,508 - 30	32,57,619	38,06,497.8
12	Bombay - Delhi (Morning) . .	D 3 - 50		2,747.2
		V 2,530 - 30	28,05,152	21,36,670.2
		S 339 - 40		6,27,130.0
13	Bombay - Delhi (Evening) . .	D 4 40		3,434.0
		V 2,551 - 55	19,49,952	21,54,398.4
Calcutta Base				
14	Cal-Agar-Gau-Tez-Jor Lilabari	D 605 - 45	2,44,254	4,16,200.8

DIX X

para 47)

Profit and Loss for 1955-56

rupees)

Profit and Loss on Total Cost	% of Profit and Loss to Total Cost		Operational Route Cost	Profit & Loss on Operational Route Cost	% of Profit and Loss Operational Route Cost	
	(+)	(−)			(+)	(−)
6	7	8	9	10	11	12
−632,796	..	33.63	1,670,852	−421,816	..	25.25
−690,685	..	19.49	3,147,177	−293,288	..	9.32
−1,897,570	..	18 05	3,661,849 36,906 5,742,288	−824,246	..	8.73
358,431	..	15.35	2,073,929	−96,554	..	4.66
− 53,545	..	4.15	146,352 1,004,768	+ 86,328	7.50	..
−812,322	..	36 09	1,998,314	−559,993	..	28.02
−359.331	..	22.25	143,639	−178,304	..	12.44
−445,903	..	48.52	815,912	−342,877	..	42.02
−606,445	..	26.53	2,029,414	−350,189	..	17.26
−1,230.315	..	28 92	25,611 2,344,711 1,444,747	−791,209	..	20.74
−745,303	..	18.62	174,402 3,396,178	−312,962	..	8.77
+ 38,604	1.40		2,439 1,906,349 567,222	+329,141	13.29	..
−207,880	..	9.63	3,049 1,922,166	− 24,736	1.28	..
−171,946	..	41.31	369,538	−125,284	..	33.90

1	2	3			4	5
Calcutta Base Contd						
15	Calcutta Gau Jor Dibrugarh	D	567	25	3 55 730	3 89 415 6
16 & 26	Calcutta Agar Silchar Imphal	D	1 229	15	7 55 922	8 44 077 2
17	Calcutta Agartala	D	313	25	1 54878	2 14 968 4
18	Calcutta Gau Dz Jor Dibrugarh	D	2 073	30	15 69 975	14 93 103 2
19	Calcutta Agar KhowKali Sil Imp	D	1 044	50	5 54 449	7 17 706 0
20 & 23	Mohanbari Jabalpur Jorhat	D	1 813	25	7 34 596	12 45 168 4
21	Calcutta Agar Gau Sil Imphal	D	1 864	20	8 72 660	12 30 195 2
22	Mohanbari Passighat	D	30	10	10 520	20 604 0
24	Calcutta Balurghat	D	124	20	16 810	85 463 2
25	Calcutta Bogdogra	D	2 374	25	14 29 341	16 30 463 2
27	Cal Agar Kamalpur Sil Imphal	D	295	45	1 61 382	2 03 292 8
28	Calcutta Patna	D	1 441	50	1 12 934	9 90 365 6
29	Calcutta Chittagong	D	1 026	05	6 27 113	7 04 656 6
30	Calcutta Rangoon	D	2 004	30	19 86 415	13 77 934 6
		V	720	40		6 08 668 2
31	Cal Bhubaneswar Madras Bangalore	D	4 939	30	28 83 435	8 32 792 0
32	Calcutta Gauhati	D	1 851	40	13 82 278	12 71 955 6
33	Calcutta Mozz Patna Kathmandu	D	1 027	30	6 51 667	7 06 030 4
Delhi Base						
34	Delhi Calcutta (Non stop)	D	14	50		10 302 0
		V	2 874	40	37 23 412	24 27 075 4
		S	351	55		6 49 264 0
35	Delhi Calcutta (Stopping)	D	4 450	05	24 89 862	30 56 260 6
36	Delhi Amritsar Jammu Srinagar	D	2 249	15	13 83 865	15 44 693 2
37	Delhi Lahore	D	172	30	15 55 483	1 76 836 4
		H	546	10	2 40 728	3 72 194 0
38 & 39	Delhi Karachi	D	3 325	35	15 55 483	22 84 296 8
		V	92	15		78 510 0
40	Delhi Rajkot	D	11	10	1 62 370	7 554 8
		H	1 128	05		6 65 632 8
41	Delhi Bombay (Feeder)	D	38	20	4 86 802	26 098 4
		H	3 046	55		17 98 034 7
42	Delhi Ambala	H	3	45	30	2 360 4
43	Delhi Kandhar	D	2 081	40	16 86 629	14 29 917 6

− 33,685	.	8 65	345,756	+ 9973	2 88	
− 88,155		10 44	749,444	+ 6,477	86	
− 60,090	.	27.95	190.867	− 35,989	. .	18 85
+ 16,869	1.13	.	1,325,705	+184,267	13 90	.
− 163,257	.	22 75	637,241	− 82,792		12 99
−510,572	.	41.00	1,105,567	− 370971	.	33.55
−407,535	.	31 83	1,136,667	−264,007	.	23.22
− 10,084		48 94	18,294	− 7,774	.	42.49
− 68,353	. .	80 26	75.615	− 58.805	.	77.77
−201,332	.	12.35	1,447,665	− 18,534	. .	1.28
− 39,910		19.63	180,500	− 17,118	. .	9.48
+127,550	12,88	. .	879,331	+238.584	27.13	
− 77,543	. .	11.01	625,654	+ 1,458	. 23	.
+ 712	.	0.04	1,222,649 543,057	+220,708	12 50	. .
−501,377	. .	14.78	3,012,412	−120,997	. .	4 01
+110,324	8 67	. .	1,129,349	+252,928	22 39	. .
− 54,363		7 70	626,874	+ 24,792	3 95	. .
+ 36,801	1 19		9147 2,165,450 587,241	+361,603	13 09	. .
−566,398		18 53	2,714,219	−224.357	. .	8.27
−160,748	. .	10.47	1,371,440	+ 12,425	•91	.
−209,283	.	46 39	105,495 305,705	−169,472	.	41.21
−807,324	. .	34.17	2,028,194 69,294	−542,006	. .	25.84
−510,817	. .	75.88	6,707 631,567	−475,905	. .	74.56
−1,337,331	. .	73.31	23,172 1,706,015	−1,242,385	. .	71.85
− 2,330	. .	98.73	2,239	− 2,209	. .	98.66
+2,56,711	17.95	. .	12,69,603	+ 4,17,025	32.85	. .

1	2	3	4	5
44 to 48	All Scheduled Freighters	D 18,227 · 25	94,73.805	1,11,16,647.3
		1,10,974 00	6,78,80, 173	8,29,58,413 2
	Non-Scheduled Services	D 8,263 · 45		55,31,095 · 2
		V 276 45		2,33,843.4
		S 2.184 10	96,40,000	40,28,388 0
		H 156 45		92,645.7
	Grand Total·	1,21,855 25	7,75,20,173	9 28,44,385 5

Note: O Combined particulars of Delhi-Jaipur-Jodhpur-Karachi and Delhi-Karachi Statement II have been given against this item

X Combined particulars for Cal-Agartala-Silchar-Imphal shown at Serial

† Combined particulars for Cal-Gauhati-Mohanbari-Passighat and Mohan Statement II have been given against this item

6	7	8	9	10	11	12
- 16.42 824		14 78	97.13.168	- 2.39.363		2 46
- 5.87.574 -1 56 65 813	0 71	18 88	7 38 79 138	- 21.70 451 81.69.417	2 97	11.06
- 2 45.972		2 49	48 94.767 2.08 636 36 43 567 87.904	+ 8.05.124	9 11	
- 587.574 1 59 11 785	0 63	17 13	8 27 14.013	- 29.75 576 81 69 417	3 60	9.88

Non stop for February and March 56) as shown in Serial No 38 & 39 of the Statistic

No 16 & 26 of the Statistical Statement II have been given under this item

bar Lilabari Jorhat as shown at Serial No 23 & 20 respectively in the Statistical

11	12	13	14	15	16
			%	Rs.	Rs.
15,422	5,31,420	3,08,048	57.0	11,17,916	775
5,291	4,05,467	1,84,977	45.6	6,27,113	611
52,334	9,69,480	6,80,409	70.2	19,86,415	729
,62,674	18,70,405	11,90,526	63.7	28,91,415	585
,34,790	6,86,470	5,28,457	77.0	12,82,278	747
12,820	3,62,955	1,83,098	50 4	6,51,667	634
,77,834	16,36,729	11,74,692	71 8	31,23 442	964
,15,000	16,12,391	9,42,518	58 5	24,89,862	560
,20,009	7,49,274	5,08,492	67 9	13,83,865	615
12,524	1,46,029	77,237	52.9	2,41,728	336
,69,649	10,78,333	5,13,883	47 9	13,61,582	466
6,856	1,41,998	70,613	49.7	1,93,901	390
25,637	1,70,387	69,096	40.6	1,62,370	143
60,897	4,10,418	2,04,293	49 8	4,86,802	157
	350	12	3 43	30	8
31,656	8,29,626	7,30,835	88 1	16,86,629	810
25,904	33,01,339	30,25,349	91.6	33,27,094	526
4	8,67,358	8,02,213	92.5	7,55,284	456
1,886	14,37,674	13,14,618	91.4	14,04,578	499
	6,812	5,275	77.4	7,053	481
84,495	3,98,856	37,12,221	92.2	39,79,796	537
,37,885	4,61,97,994	3,30,95,750	71.6	6,78,80 071	612

Service	Type of aircraft used	Average weekly frequency	No of Revenue Hours Flown	No. of Revenue Passenger miles
1	2	3	4	5
Passenge- Services:				
1. Madras-Trivandrum	Dakota	Daily	2,740	32,36,46
2. Mad-Hyder-Nagpur Delhi	Dakota	Daily	5,161	1,04,31,24
3. Night Airmail Service	Dakota/ Skymaster	Daily	9,496	2,12,50,85
4. Bombay-Bangalore	Dakota	Daily	3,401	72,78,94
5. Bom-Karachi(Nonstop)	Viking	5 Weekly	1,574	36,57,65
6. Bom-Ahmed-Bhuj-Karachi	Dakota	Daily	3,277	50,00,7
7. Bombay-Bhavnagar Rajkot-Jamnagar-Bhuj	Dakota	Daily	2,351	36,60,4
8. Bombay-Keshod Porbandar-Jamnagar	Dakota	5-Weekly	1,338	14,79,79
9. Bombay-Belgaum Mangalore Cochin	Dakota	Daily	3,328	54,48,46
10. Bombay-Calcutta	Vik/S. master	Daily	4,022	1,27,76,2
11. Bombay-Madras-Trichy-Colombo	Viking	Daily	4,794	1,21,97,8
12. Bombay-Delhi (Morning)	Viking	Daily	2,874	1,00,96,0
13. Bombay-Delhi	Viking	Daily	2,557	75,81,2
14. Cal-Agar-Gau-Tez-Jorhat-Lilabari	Dakota	Daily	606	9,74,50
15. Cal-Gau-Jorhat-Dibru	Dakota	Daily	587	13,52,77
16. Cal-Agartala-Silchar-Imphal	Dakota	5-Weekly	303	6,89,54
17. Calcutta-Agartala-Cal.	Dakota	Daily	313	6,27,9

APPENDIX XII

(Vide Para 49)

Statement showing regular scheduled air services operated by the Indian Airlines Corporation as on 1st January, 1956.

Operator	Route	Frequency	Aircraft
I A.C (Bombay Base)	Madras Bangalore Coimabatore Cochin Trivandrum	Daily	Dakota
	Madras Hyderabad Nagpur Delhi	Daily	Dakota
	Madras Nagpur Delhi (Night Air Mail)	Daily	Skymaster
	Bangalore Hydera bad	Daily	Dakota
	Hyderabad Poona Bombay	2 weekly (Ex Hyderabad wed, Sat) (Ex Bombay Thu, Sun)	Dakota
	Hyderabad Bombay	5 weekly (Ex Hyderabad Sun/Mon/Thu/Fri) (Ex Bombay Mon, Tue/Wed Fri, Sat)	Dakota
	Bombay Nagpur Calcutta (Night Air Mail)	Daily	Skymaste
	Bombay Karachi (None stop)	5 Weekly (Sun/Mon/Tue/Wed/ Thu).	Viking
	Bombay Ahmedabad Karachi	2 Weekly (Tue & Sun)	Dakota
	Bombay Ahmedabad Bhuj Karachi	5 Weekly (Mon/Wed/Thu/Fri/ Sat)	Dakota.

Operator	Route	Frequency	Aircraft
	Bombay Keshod Porbandar Jamnagar	5 Weekly (Mon/Wed/Thu/Fri/Sat)	Dakota
	Bombay Bhavangar Rajkot Jamnagar Bhuj	Daily	Dakota
	Bombay Belgaum Mangalore Cochin	Daily	Dakota
	Bombay Calcutta	Daily	Viking
	Bombay Madras Tiruchirapalli Colombo	Daily	Viking
	Bombay Delhi	2 Daily	Viking
A. C. (Calcutta Base)	Calcutta Gauhati Tezpur Jorhat Mohanbari	Daily	Dakota
	Calcutta Bagdogra	Daily	Dakota
	Calcutta Gauhati	Daily	Dakota
	Calcutta Bhubaneswar Visakhapatnam Madras Bangalore	Daily	Dakota
	Calcutta Dacca	10 Weekly (one daily & 3 weekly on Tue/Thu/Sun)	Dakota
	Calcutta Chittagong	Daily	Dakota
	* Calcutta Rangoon	Daily	Dakota Viking
	Muzaffarpur Patna Kathmandu	6 Weekly (Sun/Mon/Tue/Wed/Thu/Fri)	Dakota
	Calcutta Agartala	18 Daily	Dakota

* Vikings operated on all days except Mondays and Dakotas once on Monday

Operator	Route	Frequency	Aircraft
	Agartala Gauhati (Freighter)	5 Weekly (Sun/Mon/Tue/Wed/ Thus/Fri).	Dakota
	Calcutta Bagdogra (Freighter).	2 Daily.	Dakota
	Calcutta Gauhati Mohanbari (Freigh ter)	1 Weekly (Fri)	Dakota.
	Calcutta Gauhati Jorhat Lilabari Jorhat**Mohanbari Passighat (Passenger cum freighter service).	Daily.	Dakota
	Calcutta-Agartala Gauhati Silchar	Twice weekly (Mon & Tue).	Dakota
	Calcutta Agartala Gauhati	Five Weekly (Tue/Wed/Fri/Sat/Sun).	Dakota
	Calcutta Agartala Silchar Imphal.	Daily.	Dakota
	Agartala Khowai Kamlapur Kailashahar. (Passenger cum freighters).	Daily	Dakota
I A.C. (Delhi Base).	Delhi Calcutta	Daily	Skymaste
	Delhi Lucknow Banaras Patna Calcutta.	5 Weekly. (Ex Delhi Tue/Wed/Fri/ Sat/Sun). (Ex Calcutta Mon/Wed/ Thu/Sat/Sun)	Dakota
	Delhi Lucknow Gorkhpur Banaras Patna Calcutta.	2 Weekly (Ex Delhi Mon/Thu) (Ex Calcutta Tue/Fri).	Dakota.
	Delhi Amritsar Jammu Srinagar.	Daily.	Dakota.

** Lilabari and Jorhat are omitted on the outward flights.

Operator	Route	Frequency	Aircraft
	Delhi-Lahore	5 Weekly. (Tue/Wed/Thu/Sat/ Sun).	Heron
	Delhi Jaipur-Jodh pur-Karachi	Daily.	Dakotas.
	Delhi-Agra-Gwalior-Bhopal Indore-Au rangabad-Bombay.	Daily.	Heron.
	Delhi-Amritsar-Kabul.	1 Weekly. (Ex Delhi Tue). (Ex Kabul Wed).	Dakota
	Srinagar Pathankot Srinagar.	Daily.	Dakota.
	Delhi Bikaner Jodh pur-Ahmedabad Rajkot.	Daily.	Heron

APPENDIX XIII

(*Vide* Para 61)

A copy of the letter of D G C A addressed to the chairman, I A C regarding purchase of Herons.

L C Jain,
Director General of Civil
Aviation in India,
D O No DG/ST/111/54/29

Dated New Delhi the 15th May, 1954

My dear Shankar Prasad,

I am enclosing a copy of a comparative study of the Heron and the Twine Beech D18s. For purpose of comparison the equivalent date for DC 3 has been included throughout this study

2. In our view the conclusion is that D18s is too small and the pay load available is almost negligible This makes the aircraft very uneconomical in operation We do not advise the use of this aircraft for commercial transport within India.

3. As for the Heron, it would appear from this study that the aircraft is not as economical as the DC 3 However, the aircraft has practically half the all up weight of a DC 3 and can prove quite useful on feeder services This aircraft has possibilities for opening up new stations with poor traffic To this extent the Heron may be found superior to DC 3 on routes where the total volume of traffic is small We would, therefore, recommend the purchase of seven aircraft of this type by the IAC. By way of illustration, the following may be some of the routes on which the Herons could be used :-

1. Delhi, Lucknow, Gorakhpur/Banaras, Patna, Calcutta.
2. Calcutta, Jamshedpur, Ranchi, Gaya, Patna
3. Lucknow, Kanpur, Allahabad, Jubbulpore, Nagpur.
4. Delhi, Agra, Gwalior, Bhopal, Aurangabad, Bombay.

4. The standard model of the Heron Series II may require certain modifications in the interior fittings to suit the Indian requirements. For example, the standard model provides for a crew of two without an auto pilot. The co-pilot seat is not fitted with blind flying instruments. The W/T Key has been fitted for operation by the co-pilot. The cockpit is rather cramped and the radio equipment is probably inadequate for difficult Indian weather conditions.

5. We would suggest that the bulk head may be moved back slightly providing a little more accommodation in the cockpit. A separate seat might be provided for a W/T operator with full blind flying instruments for the co-pilot. All these details together with the question of the minimum radio equipment to be provided can perhaps be examined by technical officers. We visualise that no food will have to be served in flight and arrangements can be made for refreshments on the ground at each halting point. This will eliminate the need for a separate steward or air hostess.

Yours Sincerely,

Sd/-

(L.C. JAIN)

Shri Shankar Prasad, I.C.S.,
Chairman,
Indian Airlines Corporation,
124-Janpath,
New Delhi.

APPENDIX XIV

(*Vide* Para 87)

Comparative figures of air transport operations during 1955 and during the past years from 1946

Year	Hours flown	Miles flown	Passengers carried	Freight carried lbs.	Mails carried lbs.	Capacity ton/miles offered	Revenue load ton/miles
1946	29,539	4,520,046	1,05,251	1,885,726	1,026,403	8,536,457	6,391,253
1947	59,312	9,361,673	2,54,960	5,647,562	1,405,073	18,596,778	14,355,164
1948	78,961	12,648,765	186	11,974,736	1,582,645	26,320,058	19,295,052
1949	93,944	15,098,354	3,57,415	22,499,679	5,031,959	36,538,338	23,249,052
1950	117,422	18,896,139	4,52,869	80,006,756	8,356,114	52,251,865	34,414,327
1951	118,684	19,497,505	4,49,462	87,665,229	7,181,611	57,403,065	39,015,149
1952	119,490	19,562,267	4,34,480	86,037,607	8,376,813	56,733,502	37,456,595
1953	114,796	19,202,388	4,03,992	84,820,083	8,846,181	56,550,509	37,239,824
1954	117,402	19,798,276	4,31,595	86,414,906	10,672,725	62,643,760	46,408,000

APPENDIX XV

(*Vide* Para 143)

Stores purchased by the Indian Air Lines Corporation during the period 1-8-53 to 31-7-56

Statement No. 1

	Head-quarters	CALCUTTA		DELHI		BOMBAY		HYDERABAD		Remarks
	1955-56	Aug., 1953 to March 1955	1955-56	Aug., 1953 to March 1955	1955-56	Aug., 1953 to March 1955	1955-56	Aug., 1953 to March 1955	1955-56	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs	Rs.	Rs.	
DAK. A	21,81,531	12,92,326 4,31,000	4,61,897	6,15,298	31,900 12,697			5,26,954	51,740	
DAK. E	38,92,906	16,68,277	1,73,531	6,94,320	1,57,810	12,51,143	2,93,500	1,58,115	6,106	
DC. 4. A	25,04,044	1,18,798	8,933	..	..	.	.	..	..	
DC. 4. E	20,33,478	2,45,432	2,941	.	..	39,669	..	.	..	
V. A.	8,74,996	..	..	70,522	3,625	..	..	..	..	
V. E.	5,89,104	..	..	6,14,923	432	14,51,302	1,56,500	..	..	
HN. A.	2,50,919	..	..	.	..	..	.	..	..	

APPENDIX XV - *Contd*

	Head quarters	CALCUTTA		DELHI		BOMBAY		HYDERABAD		Remarks
	1955-56	Aug., 1953 to March 1955	1955-56	Aug., 1953 to March 1955	1955-56	Aug., 1953 to March 1955	1955-56	Aug., 1953 to March 1955	1955-56	
IN. E.	43,298	..	..	..	1,309	..	..	..	..	
ENG-EQP.	9,08,250	..	2,116	30,915	57,862	..	..	..	..	
Gen. Store	..	2.36,421	2,96,719	2,24,244	46.622	2.83,800	96,609	1,55,808	96,817	
Gen. Supplies	9,65,619	..	7,61,389	..	3,61.786	15,54.454	7,63.326	41,428	10,917	
TOTAL	1,42,44.145	39,92,254	17,07,526	22,50,222	6,74.043	45.80,368	13,09,935	8,82,305	1,65,580	

G. TOTAL: Rs. 2,98,06,378/-/-

Statement No II

		Rs.
Calcutta General Supplies	August 1953 to 31st March, 1955.	9,69,217
Delhi General Supplies	August 1953 to 31st March, 1955.	6.80.000
Headquarters Unclassified Stores.		45,53.405
TOTAL		62,02,622

APPENDIX XV

(*Vide* Para 143)

Stores purchased by the Indian Air Lines Corporation during the period 1-8-53 to 31-7-56

Statement No. 1

	Head quarters	CALCUTTA		DELHI		BOMBAY		HYDERABAD		Remarks
	1955-56	Aug., 1953 to March 1955	1955-56	Aug., 1953 to March 1955	1955-56	Aug., 1953 to March 1955	1955-56	Aug., 1953 to March 1955	1955-56	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs	Rs.	Rs.	
DAK. A	21,81.531	12,92,326 4,31,000	4,61,897	6,15,298	31,900 12.697			5,26,954	51,740	
DAK. E	38,92,906	16,68,277	1,73,531	6.94,320	1,57,810	12.51,143	2,93,500	1,58,115	6,106	
DC. 4. A	25,04,044	1,18,798	8,933	..	..	.	.	..	..	
DC. 4. E	20,33,478	2,45,432	2,941	.	.	39,669	..		..	
V. A	8,74,996	..	..	70,522	3,625			..	..	
V. E.	5,89,104	..	..	6,14,923	432	14,51,302	1,56,500	..	..	
HN. A.	2,50,919	.	..	.	..	..		..	..	

APPENDIX XV - *Contd*

	Head quarters	CALCUTTA		DELHI		BOMBAY		HYDERABAD		Remarks
	1955-56	Aug. 1953 to March 1955	1955 56	Aug. 1953 to March 1955	1955 56	Aug. 1953 to March 1955	1955 56	Aug. 1953 to March 1955	1955 56	
HN. E	43,298	..	.		1,309					
ENG-EQP.	9,08,250	.	2,116	30,915	57,862					
Gen. Store	..	2.36,421	2,96,719	2,24,244	46.622	2.83,800	96.609	1,55,808	96,817	
Gen. Supplies	9,65,619	..	7,61,389		3.61.786	15,54.454	7,63.326	41.428	10,917	
TOTAL	1,42,44.145	39,92.254	17,07,526	22,50,222	6,74.043	45.80,368	13,09,935	8,82,305	1.65,580	

G. TOTAL Rs. 2,98.06.378/-/-

Statement No II

		Rs
Calcutta General Supplies	August 1953 to 31st March, 1955.	9,69,217
Delhi General Supplies	August 1953 to 31st March. 1955.	6.80.000
Headquarters Unclassified Stores.		45,53.405
TOTAL		62,02,622

APPENDIX XVI

Serial No.	Ref. to para. No. in the Report	Summary of Conclusions/Recommendations
1	2	3
1	6	It would be advantageous if a non-official with experience in administration as well as in the air transport business could be made the Chairman of the Corporation. as in the Air India International Corporation
2	7	It should be the endeavour of the Government to find for the Boards of the Corporations persons with special knowledge of Air Transport Industry and with business acumen.
3	8	The Committee consider that there is no justification for a separate General Manager as long as there is a wholetime paid official as the Chairman.
4	10	The Indian Airlines Corporation should also have it as their aim to have the same Senior Executive incharge of both operations and engineering departments.
5	11	Suitable internal rules of procedure should be framed for the purpose of having a Board of Management consisting of the Chief Executive and his Heads of Departments to facilitate discussion of all important questions concerning the Corporation. Minutes should be recorded of the meetings of the Board of Management.
6	12	The Committee recommend that the post of Chief

1	2	3
		Personnel Officer should be abolished and the work should be entrusted to the Secretary as a permanent arrangement.
7	17	The Committee feel that the time has come for evolving a rational system of organisation to ensure an economical and efficient operation of the air transport in the country.
8	18	The Committee feel that the Area Headquarters at Delhi may be eliminated without any difficulty and the entire operation controlled from the Calcutta and Bombay bases only.
9	19	The Committee do not feel happy about the tendency to centralise a large number of offices of all degrees of essentiality in Delhi. Especially the autonomous Corporations which do not have to function as departments of Government should think in terms of locating their Headquarters offices as far as possible in different parts of the country. The Committee consider that the question whether the Headquarters of the Indian Airlines Corporation should remain at Delhi should be examined afresh by the Government and the management of Indian Airlines Corporation.
10	20	A building at a cost of Rs. 25 lakhs is proposed to be constructed at New Delhi to house the Headquarters office of the Corporation. The Committee suggest that no further commitments should be made on the building project until the re-examination of the location of the headquarters of I.A.C. suggested in para 19.
11	22	The Committee recommend that the speed, initiative and the efficiency of administration, at various levels should be kept continuously unde

1	2	3
		review. All cases where a responsible official on the spot is unable to act and has to make references to higher officers for sanction should be carefully examined to see whether consistent with his status more powers could be delegated to him.
12	23	The Committee would recommend that the Corporation should immediately make a careful comparison of the delegation of powers obtaining in the IAC with those in the AII and take steps to delegate further powers wherever it is found necessary. The Committee would also suggest that the powers enjoyed by the officers of the Corporation at various levels should be compared with those that were enjoyed by the well run private air transport companies, immediately before the nationalisation.
13	26-27	The Committee understand that despite the provisions of Sections 23 and 24 of the Air Corporations Act, which were intended to prevent manipulations of assets and liabilities on the part of the Companies in order to obtain higher compensation, these Companies did resort to a few transactions of a questionable nature and the Corporation had to pay compensation. The Committee suggest that the lesson of these cases should not be lost sight of and that all of them should be reviewed with a view to making suitable provisions in future bills for nationalisation, so as to avoid their recurrence. The difficulty that arose regarding the deduction for leave liability should also not be lost sight of when drafting compensation rules in future.
	34-36	The Committee feel concerned at the mounting losses incurred by the Corporation. The Committee recommend that urgent measures should be taken in all the various directions pointed

1	2	3
		out by the Committee to stop the continuing drain on the public exchequer.
15	41	Under Section 15(1) of the Air Corporations Act, the forms of the accounts are to be prescribed by the Central Government in consultation with the the Comptroller and Auditor General of India. Action has not yet been completed as required under this provision. The Committee hope that a very early decision will be taken in the matter and the forms of accounts as finally decided will be introduced at least from 1st April, 1957.
16	42	The Committee understand that it has not yet been finally ascertained what amount the Corporation would have to pay on account of audit charges. They feel, however, that the amount provided is somewhat high and suggest that early steps should be taken to ascertain from the Comptroller and Auditor General the actual amount. The Committee would suggest that the matter be discussed with the Comptroller and Auditor General of India so as to economise on the cost of Government audit, if possible.
17	44	The Committee recommend that the Corporation should study the report of various modern airlines and improve both the extent of information furnished in their reports as also the standard of reporting. The Committee feel that the attention paid even to small matters as the get-up of the annual reports will be taken to some extent by the general public as representing the extent of attention the Corporation devotes to all its affairs. They would, therefore, recommend that sufficient attention should be paid to such matters.
18	46 Indian	The Committee consider that there is no justification for delaying any further, a critical analysis and assessment of the existing route pattern of Airlines Corporation with a view to its rationalisation and recommend that it should be under

1	2	3
		taken immediately, so as to prevent the Corporation from getting deeper into the rut of losses, in which it has found itself today. The Air Transport Council and the Advisory Committee to be constituted under section 41 of the Act, may be consulted in the matter if necessary
19	48	As regards the load factor, it is seen that on the Bombay-Bangalore and Bombay-Delhi (evening) service, the load factor attained is 79.6% and 83.9% respectively. Still both these services are operating at a loss. The Committee consider it a very unsatisfactory position that such heavy losses should be incurred inspite of the load factor being so high. They feel that this calls for an immediate investigation into the costs on these routes and urgent steps to effect necessary economy
20	50	The Committee would suggest that as part of the analysis of route pattern suggested above, the question of correlating the type of aircraft used on a route with the traffic on that route should also be examined afresh, with reference to the load factor on that route and the relative overall economics of operation by various aircraft.
21	51	The Committee recommend that the question of determining feeder routes should be examined afresh and that the route pattern and services should be so designed that passengers do not have to travel long distances on aircraft which are designed only for short runs.
22	58	The Corporation took over from the Air Transport Companies a fleet of 98 aircraft of which nine were not put into commission, and are now sought to be disposed of in an 'as is' condition. The Committee recommend that instead of continuing to hold these aircraft in stock, effective steps may be taken to dispose them of at an early date through second-hand aircraft dealers, either in this country or abroad. The Committee would suggest that the Hindustan Aircraft Ltd., may also

1	2	3
		be consulted before disposing of the aircraft in case they could find any use for the spare parts.
23	55-56	About the release of a Dakota aircraft to Messrs Airways Limited, the Committee understand that it was handed over in accordance with an undertaking given before nationalisation to each of the companies and the compensation to the company was paid after deducting the cost of this aircraft from the valuation of the assets of the Company. The Committee consider that the circumstances in which such a commitment was made should be reviewed by Govt. in order to see whether the commitment was made after taking into consideration the public interest.
24	59	The Committee would recommend that when the Skymasters are replaced by Viscounts, they should be used for long range charter operations and that they should be retained to the extent it is necessary for such purposes.
25	60	The additional proposed Heron Services which were mentioned in the Annual Report of the Ministry for 1955-56 have not yet been put into effect.
26	62-63	The Committee find that the project regarding purchase of 8 Herons has not been properly planned. They also consider it strange that the aircraft about a hundred of which have been reported to be operating satisfactorily with the operators all over the world should develop so many troubles within a short time after the Corporation acquired them. The Committee, therefore, recommend that an enquiry should be conducted into the causes of the troubles that the aircraft gave and action taken to fix responsibility therefor and also for the failure to plan properly the use of aircraft.
27	64	The Corporation proposes to get ten Vickers Viscount Aircraft. The Committee feel that the

1	2	3
		result of the enquiry recommended in the previous para should help the Corporation to plan ahead correctly for this bigger and costlier project.
28	67	While the ATEC envisaged a utilization of 2200 hours per annum, with unified operation, the Corporation has still not reached a figure of 1500 hours. The Committee recommend that every effort should be made to increase the aircraft utilization and to put the present fleet to maximum effective and economic use.
29	68	The Corporation is able to handle only 50% of the non scheduled traffic available. The Committee feel that it should be possible by means of better operational planning to achieve greater utilization of aircraft by undertaking more non scheduled traffic
30	69	The Committee suggest that while considering the question of fuller utilization of the existing fleet it should also be considered how the aircrafts that may be rendered surplus by the introduction of Viscounts should be utilized. A well thought out and properly phased programme should be worked out in advance to make the change over smooth and to ensure that uneconomic operation or idle capacity does not result from such a changeover.
31	70	The Committee feel that the replacement of any type of aircraft and acquisition of newer types would need much advanced planning. They, therefore, consider that the question should be taken up for examination now regarding the policy to be followed about the replacement of Dakotas.
32	72	The Committee consider that the Corporation should have as its objective the standardisation of its fleet with the minimum number of types of aircraft necessary for the main types of operation in the country such as trunk routes, the feeder routes and

1	2	3
		the freighter services.
33	73	The Committee understand that the Hindustan Aircraft Ltd., has a scheme to start a line of production of medium sized aircraft The Committee would, therefore, recommend that there should be utmost co ordination in this matter among the Corporation Indian Air Force and the Hindustan Aircraft Ltd.
34	74	The Committee learn that even though a detailed manual for operation of Dakotas was prepared and given to the Corporation for printing and supplying copies to the pilots operating Dakotas, it has not yet been printed. The Committee regard this as a most unbusinesslike omission on the part of Corporation in an important matter.
35	75	The Committee feel that with the introduction of more modern aircraft flying at higher speeds, the Corporation should take steps to introduce more modern systems of operational control. As they involve additional capital investment and import of equipment, a phased programme should be drawn out and early steps should be taken in that direction.
36	77	From the percentage increase under the various items, it is seen that the highest increase has been recorded under General Administration. Next in order are the increases under traffic and sales, booking agency commission and passenge and cargo mail services. The Committee conside that these results are significant and that the Corporation should study these trends carefully and take remedial measures to stop disproportionate rise in expenditure under certain heads.
37	78	The Committee understand that hiring of transport and consequent expenditure of over Rs.250,(per annum was rendered necessary since the transport vehicles taken over from the previous

1	2	3
		airlines were unfit for service and had to be replaced The Committee feel that very early action should be taken in the matter as it is uneconomical to pay large amounts on hire.
38	79-81	The Committee recommend that the Corporation should keep in view all factors like wastefulness, bad navigation etc. which result in avoidable expenditure on fuel and take necessary steps to eliminate such wastage.
39	82-83	The Committee would also refer to the fact that the price of aviation fuel in India is high. In addition to the basic price, there are also customs and excise duties amounting to nearly one rupee per gallon. Added to this certain States have levied heavy rates on aviation fuel. The Committee also understand that international services and the Air Force do not have to pay such heavy duty on aviation fuel The position would therefore mean that on account of the operations of the IAC while the Government lost in 1955-56 nearly Rs.119 4 lakhs, the country's exchequer also gained Rs.96 34 lakhs. Therefore the apparent financial improvement that could be effected by helping the Corporation to reduce its total costs on fuel will contribute to improving the morale of its employees and thereby help to increase efficiency and better its financial prospects. At the same time the real loss to Government will not be worsened. The Committee, would, therefore recommend that the matter should be considered by Government from this point of view and necessary action taken.
40	86	The need for maintaining the safety factors at the highest standards cannot be over-emphasised The Committee, therefore, consider that action on each of the remedial measures indicated in para 85 of the Report should be vigorously pursued and that every failure on the part of

1	2	3
		the pilots and in the aircraft should be constantly watched with a view to taking effective measures to check all such failures
41	93	The Committee would recommend that at the airports there should be a device to display prominently the allocation of pay load among passengers, freight and mail, thus clearly indicating the capacity available and the extent to which it is booked.
42	94	The Committee feel that with the growing industrialisation in the country considerable scope exists for increasing the passenger traffic in the internal services For this purpose, energetic steps should be taken by the Corporation to popularise air journeys
43	95	The Committee would suggest that advertisement and publicity programmes of the Corporation should be given a further impetus and an expenditure up to one per cent of the revenue should be considered a worthwhile investment for attracting more traffic In this matter the I.A.C should follow the example of the AII as far as the standard of publicity and propaganda are concerned For this purpose the Corporation would do well to utilize the machinery available with the AII for designing and organising publicity
44	96	The Committee, however, feel that the expenditure incurred by the Corporation by way of payment of commission to the Travel Agents is quite large and should be capable of reduction They would therefore, recommend that the number of approved travel agents should be gradually reduced further and restricted to those who mainly handle tourist traffic. The Corporation should also reduce the rates of commission paid to the Travel Agents.
45	97	The Committee feel that the possibility of some

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		of the persons in charge of the booking offices being in collusion with certain travel agents who are prepared to split the commission, should not be overlooked and that a strict watch should be kept to prevent such occurrences The Committee would further recommend that there should be a periodical review of the recognition of travel agents and the number should be kept down to the minimum As far as possible there should be co ordination with the Transport Ministry to ensure that the leading air travel agents are also those who are recognised as travel agents for road and rail journeys
46	98 - 100	It has come to the notice of the Committee that on account of the credit facilities extended to a travel agent, the Corporation has incurred a loss over Rs 2 lakhs The Committee find that no action has yet been taken to fix responsibility for this failure which entailed a heavy loss They consider that an immediate enquiry should be instituted in order to fix responsibility for this failure and to take suitable action against the officials of the Corporation who were responsible for this loss After the incident, the agreements with the Agents have been revised and now bank guarantees or bonds are further taken from them Also fortnightly settlements have been provided for The Committee consider, that in addition the Corporation must ensure that settlements are actually made when due and that accumulations are not allowed under any circumstances
47	101	There are special schedules of rates for perishables like fruits and vegetables and also for articles in bulk The Committee feel that adequate publicity for the availability of such rates has not been given and merchants may not be taking advantages of such rates being ignorant of their existence.

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48	102	The Committee would recommend the appointment of Regional Councils to which the representatives of local trades and prominent citizens of the locality should be appointed. The authorities should discuss with the Council, the ways of increasing the traffic from the area. Such Advisory Councils should also discuss methods by which the Corporation's services could serve the regions better.
49	103	The Committee suggest that the problems of freight traffic over areas where bottlenecks occur in Railway Transport as for instance at transhipment points may be studied with a view to finding out, if certain types of cargo could be conveniently and economically transported by air over such areas. For this purpose the Chambers of Commerce representing the trades affected by the bottle necks at the transhipment points may be contacted to explore the possibilities of introducing freighter services over such areas. Even as regards the movement of perishables like fruits and vegetables the Committee feel that more traffic could be attracted by the Corporation by keeping very close liaison with the trade interests dealing in such merchandise. With proper publicity the Corporation should also be able to attract parcel traffic on private account.
50	104	The Committee would suggest that the Corporation may obtain the services of an experienced officer of the railways to conduct their traffic surveys until some of their own officers are trained to do the work competently. The results of such surveys would facilitate a reorganisation of the route pattern.
	105	It is understood that certain foreign countries are

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		experimenting with convertible passenger freight air-craft which have flexible internal arrange ments by which the main passenger cabin remains intact and does not suffer from the inevitable wear and tear of conversion, while at the same time the ability of the plan to carry full pay load with varying proportions for cargo and passenger traffic is also ensured. The Committee suggest that the Corporation should study these develop-ments with a view to deriving the utmost advantage from such modern developments.
2	106	The Committee consider that efforts to improve the standards of courtesy and helpfulness on the part of the staff of the Corporation towards their clients the standards of cleanliness and up-keep in the aircraft as well as in the station, the quality of food served in the planes as well as in the can-teens should not be slackened.
3	107 – 108	The Indian Airlines Corporation is said to have introduced a system of suggestion cards The Committee would recommend that the Corporation should have the suggestions examined by a Committee at frequent intervals. When the Advisory Committee is appointed they could also be consulted on the various suggestions made. The Committee feel that since the survey already conducted was inadequately designed and its results were not analysed, it could not have possibly led to any useful results.
	109	The Committee recommend that a comprehensive review of flight timings of all the services should be undertaken to minimise inconvenience to passengers.
	110 – 113	The Committee were informed that the revision of fares and freight was under consideration and that the question was referred to the Air Transport Council, in September, 1955. The Report is expected to be ready by the end of December, 1956.

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		Since the matter is under the consideration of the Air Transport Council the Committee do not desire to discuss this question in detail and would confine themselves to some general observations The Committee feel that the fare structure should not be arbitrary as it is and that the fare should be fixed on some standard basis, whether it be a uniform rate based on distances or a telescopic rate The Committee feel that in deciding on the fares and freight structure a realistic view of the situation regarding the economics of the air lines operation in this country should be taken and that the fare and freights charged should bear a reasonable relation to the cost of economic and efficient air transport operation These are considerations which the Committee hope will weigh with the Air Transport Council while they arrive at their decisions
56	114	The Committee recommend that the limit for free baggage allowance may be increased from 44 lbs to 50 lbs (or from 20 K G to 22 75 K G in the meteric system)
57	115	The Committee recommend that a careful study of seasonal traffic variations over the various routes should be made and suitable concessions should be introduced to promote traffic in order to fill up available capacity without necessarily lowering the general level of fares It should be possible during off season to introduce concessional fares both for passengers and goods Eventually, shoul traffic justify it the question of introducing extra services and of incidently improving aircraft utili zation might also be considered
58	116	The Committee were told that credit facilities could be extended by the Corporation to private individu also. The Committee feel that at least a system o sale of travel coupons such as those provided by

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		the Railways formerly to commercial firms could be introduced by the Corporation. Business houses of repute, credit worthy institutions, Departments of Government and prominent individuals could be provided with such coupons of air travel The Corporation may also consider the sale of air travel in mileage blocks to business organisations. The Corporation may also consider the question of allowing reasonable discounts on the purchase of bulk air travel. At the same time precautions should be taken to prevent misuse of any such special privileges.
59	117	The Committee understand that the Corporation has a procedure for allotting seats in stations other than those from where the services commence. Reservations of such nature are generally done by teleprinters and wireless telegraph channels. The Committee feel that the present system of sector allocation as well as the unsatisfactory communication system results in the loss of saleable space, and therefore, suggest that it should be improved upon to the extent possible in such a way as would minimise the loss on this account. They also recommend that wherever wireless channels are available, the Corporation should be enabled to use them to the maximum extent for the purpose of communication between stations to effect reservations and regulate sale of space for passenger and freight.
60	118	The Committee suggest that the feasibility of levying service charges in return for allowing priority reservations may be considered
61	119 120	The Committee recommend that the matter may be further examined to see if further delegation of powers could be made to the Station Heads to make refunds on unused tickets which are bought on credit and payment for which is made subsequently, but before the notice of cancellation.

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62	121	The Committee consider that since neither personal attendance nor a written request is necessary for the purchase of a ticket, it is meaningless to insist on either of these for making the refund and that it should be possible to make the refund after deducting cancellation charges simply on production of the unused tickets, as is done by the Railways.
63	122	The Committee recommend that if the transfer of reservation to a later date is effected upto 24 hours prior to the scheduled departure of the plane for which the original reservation is made, no cancellation charge should be levied.
64	123	The Committee feel that the question of providing a limited transferability of the air ticket should be considered.
65	124	The Committee feel that it would be advantageous if there was a system by which on payment of a certain sum to the Corporation the passenger would be deemed to be covered by an insurance. The Committee recommend that this question be considered in consultation with the Life Insurance Corporation and a suitable system evolved in consultation with the insurers to provide for a certain cover for every passenger.
66	125	The Committee recommend that a review should be made of the accuracy of all the weighing machines used by the Corporation and that they should also be periodically checked for their accuracy.
67	126	The Committee feel that it should be possible to provide at least sufficient number of seats of the slumberette type at the airport, so that passengers may be seated and feel relaxed while they are waiting. The Committee recommend that early steps should be taken to introduce this amenity to the passengers.

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8	133	The Committee recommend that a Committee of experts should carefully consider the matter and advise the Corporation regarding the location, reorganization and development of its workshops. The Services of an expert engineer who has experience about the organisation of airline workshops may also be obtained under one of the technical aid schemes for this purpose. In this connection, the Committee feels that plans for location and developments of workshops of allied industries should also take into consideration the total needs of the country in respect of that entire industry.
9	135	The Committee feel that the time taken for overhaul and repairs at H.A.L could be further reduced if certain procedures were strictly observed. The Committee suggest that a review of the existing procedures should be conducted with reference to the difficulties experienced by the Corporation as well as by the Hindustan Aircraft Limited and a suitable procedure evolved, having in view the main object of cutting out delays.
	137	The Committee suggest that the engineering schedules and procedures should be tightened up to achieve greater efficiency and to ensure that the fleet is available for utilization to the maximum extent at all times.
	138	Maintenance relates to items directly affecting airworthiness of the aircraft or the appearance and serviceability of equipment as well as to items not directly related to airworthiness. The Committee recommend that special attention should be paid to this matter of appearance, whether it be the outside of an aircraft or its inside *e.g.*, its upholstery, its seats and walls, its cleanliness etc.

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72	141	The Committee consider that the Corporation as a Government sponsored body should take advantage of the existence of the Government organisation for disposals. For this purpose all scrap items which might fetch a negligible amount and which might not justify the payment of commission to the supply organisation may be separated and disposed of by auction by the Corporation itself. As regards the rest, as far as possible, the disposal should be arranged through the D G S & D.
73	142	The Committee feel that there should be a Survey Committee consisting of engineers and other technical personnel who would scrutinise the stores and consider which of them would be useful and which could be disposed of either by themselves or as a part and parcel of the aircraft available for disposal It is necessary that early action should be taken to dispose of all unnecessary stores Apart from this, there should also be a regular procedure for periodically reviewing the stock, to repair all the repairable stores and to dispose of the unnecessary and unserviceable stores.
74	144	The Committee would suggest, that the Corporation should consider the question of using, as far as possible, the services of the Indian Stores Department in London and Washington for purchase of stores While articles of proprietary nature and critical requirements could be obtained directly, it should be possible for the Corporation to obtain its periodical replenishment through the Stores Department
75	145	The Committee consider that necessary storage accommodation should be constructed as early as possible and that grudging expenditure on this account would be false economy.

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76	146	The Committee recommend that the present system of provisioning spares should be reviewed and the stock piling of rare special and critical items undertaken at an early date
77	147	Indigenous manufactures account for a small proportion of the total stores requirements of the industry The Committee recommend that a conference of manufacturers who may be able to enter this field may be held under the auspices of the Communications Ministry The Development Wing of the Commerce and Industry Ministry may also be associated with the conference The Corporation should be able to interest the manufacturers in the stores requirements and the outcome of such conference should be helpful to the Commerce and Industry Ministry in processing the technical and practical aspects of the scheme with a view to developing such manufacturers within the country The Committee would also recommend that an Equipment Committee should be appointed by the Government to advise them on the more intensive utilisation of indigenous capacity for air transport equipments Show rooms may also be opened at important industrial centres for display of representative samples of imported equipments as has been done by the Railways
78	148	The Committee recommend that an assessment should be made of the present position and after determining the types of aircraft spares that would be required in the future but which might become difficult to obtain, the feasibility of manufacturing as many of them in Hindustan Aircraft Ltd . or elsewhere in the country should be explored
79	151	The Committee consider it necessary that a very early settlement should be reached on all the staff matters to enable the Corporation including all its employees to direct their undivided

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		attention to the important problems facing it.
90	150	In the Corporation, staff productivity is admittedly low which was also stated by its Chairman, to be one of the reasons for the heavy expenditure incurred under overtime. The Committee recommended that every effort should be made to improve the productivity.
91	150	The Committee recommend that urgent steps should be taken to reduce overtime work to the minimum.
92	150	The Committee would also recommend that question of introducing piece work system of wages with bonus should be considered in order to ensure reasonable output and to encourage workers who show increased output.
		While the Air India International the Indian Airlines Corporation has not instituted any system for rewarding its employees for good suggestions. The Committee recommend that such a system should be introduced and should be given wide publicity among the staff.
93	151	The sum expended on staff welfare services amounts to an average of Rs.21 per head per annum. The Committee consider that this is quite low and it should be the aim of the Corporation to spend increasing amounts on staff welfare activities.
	152	The Committee are assured that it is very rarely that a pilot flies more than 1000 hours a year, but the statutory restrictions regarding medical examination after 125 hours

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		still continue. The Committee feel that the matter should be considered afresh and that the attraction of overtime wages should not be allowed to prevail over considerations of health of the aircrew and the safety of passengers They, therefore, recommend that the question of introducing; statutory limitations as recommendded by both the Air Transport Transport Enquiry Committee and the Master Committee should be reviewed at an early date.
85	166	One of the greatest assets of the Corporation is the morale of the staff and no effort will be too much to keep up and improve that morale Officers in authority should keep personal contacts with those who have to be guided and organized by them, understand their problems and infuse confidence in them. The staff should on the other hand realise their responsibilities and co-operate to the utmost so that the nation may reap the benefit of their services
	[and difficulties	
86	171	The Committee feel that there is still a need to make suitable arrangements for advanced training in a Central Training Establishment
87	173	The Committee would observe that while in the past, lower standards might have been accepted with all the attendant risks, there should be no complacency about accepting, what is not the best in training The urgent necessity for a standard of training far more exacting and rigid than any which has so far been imposed should be appreciated The Committee consider that the accidents that have taken place so far due to pilot error should be a sufficient warning and that there should be no laxity in the standards expected of pilots.
88	174	The Committee learnt of a very regrettable incident in which a certain check pilot passed on one particular day 18 pilots which would have meant his having flown for 36 hours in a day Explaining the incident the Director General

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		of Civil Aviation said that the check pilot did not carry out all the manoeuvres himself as he should have done but had carried out the more difficult manoeuvres finishing the checks each in about 25 minutes The Committee find that the check pilot held a very responsible position in IAC which he continues to hold despite this incident that no action was taken against him and that he has not even been removed from the approved list of check pilots The Committee are surprised to see that such dereliction of duties was lightly passed over even after it came to the notice of the D G C A and no action whatsoever was taken against the officer except that of rewarding him by providing a welcome relief from such additional and onerous responsibilities The Committee take a very serious view of the condition of such irregularities on the part of responsible officials which cannot but undermine discipline and morale in the Corporation and would urge upon the Government to investigate the case with special reference to the failure to take any action against the individual concerned and also to lay down procedure and rules which prevent repetition of such cases
89	175	The Committee recommend that the D G C A should make it essential for check pilots to have endorsements on their licences in respect of all the types of aircraft on which they have to check other pilots
90	176 177	The Corporation intends to put up a building to house its Headquarters Office at New Delhi. The Committee were informed that when tenders were invited for the design etc., the Institute of Architects protested saying that it was not customary for tenders to be invited from firms of professional architects. The tenders were therefore, stopped and the design was obtained

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		from a firm after private negotiations. The Corporation appears to hold the view that since that firm has designed the building the construction of building should also be entrusted to them. The Committee are not satisfied with the position taken by the Corporation and would recommend a review by the Ministry in consultation with the Ministry of Works, Housing and Supply with a view to laying down a definite policy in the matter for the guidance of all the nationalised undertakings.

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